Growth Intentions and Expansion Plans of Venezuela’s Entrepreneurs
An Investigation into Family Dynamics, Entrepreneurship and Enterprise Development

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Introduction

Free enterprise is the engine of our society; communism is pretty much down the drain and proven so; and there doesn’t appear to be anything else that can compare to a free society based on a market economy.”

Sam Walton (1992)

I. The Reasons of Studying Growth
Entrepreneurship is considered to be the engine of change and prosperity in today’s social-economic system. Alike the family is the center of society, entrepreneur led small businesses are the agents of social and economic change. Researcher Timmons (1990) mentions that 50 percent of all innovations and 95 percent of all radical innovations are created in small firms. Cases such as the micro-computer, fast food restaurants, discount retailers, started as small ideas that reached such a growth level that allowed the creators to change society’s conventional way of doing things.

II. Economies in Transition
Economies in transition and/or evolution have displayed huge numbers of entrepreneurial small business ventures that in turn have diminished unemployment levels and developed local economies.

The fall of the Soviet Union and Berlin Wall have united both sides of Europe (East and West) motivating the development of entrepreneurial ventures in countries where family businesses were prohibited for more than 40 years (such case applies to Romania).

Furthermore, developing economies like those in South America are considering less state interventionism and more open market policies. In major part, small businesses are being formed due to economic recessions that have pushed huge corporations (transnationals and government owned) to layoff workers in order to maintain competitive levels. Informal economy has become the subsistence method of many families that develop profitable ideas aimed to cover their physiological needs.
III. The Essence of Entrepreneurship Growth

Pistrui (1999) defined “entrepreneurial driven enterprises” as those who transform techniques of production, conquer new markets, and pursue new productive methods. Schumpeter (1934) stated that entrepreneurial growth depends on the entrepreneur’s ability of carrying-out new combinations that allow him/her to revolutionize production patterns. Hayek (1937) considered entrepreneurial expectations to be the central force in enterprise growth and development. Holt (1992) viewed the entrepreneur as those who constructively disrupt the status quo.

Nowadays, many researchers agree of the need of empirical study to previous entrepreneurship theories developed in the past. For that, a general and four related research questions were developed.

IV. Central Research Question

The Central Research Question is: “What are the levels, and specific type of expansion plans found among entrepreneurs in Venezuela; what are the predictors of these expansion plans; and how do the environmental value systems and family dynamics impact planned growth.”

V. Related Research Questions

1. What are the levels and types of expansion plans Venezuelan entrepreneurs have?
2. How does the family network impact growth intentions and expansion plans?
3. How do the social-economic environment impact expansion plans and growth intentions?
4. What are the predictors of expansion plans?
Contextual Framework

“To develop an understanding of the conditions and mode of the society in which entrepreneurship and small business development is taking place some understanding of the historical forces need to be developed.”

David Pistrui (1999)

I. Historical Influences and Cultural Orientations

This chapter addresses the contextual framework necessary to better understand the intricate and complex nature of Venezuelan entrepreneurs’ growth intentions and expansion plans. The objective here is to understand how historical societal facts have impacted Venezuela’s evolving environment (See Figure 2.1)

II. Historical Influences and Societal Value System

Researchers Moron (1963), Blank (1992), and Hellinger (1991) divided Venezuela’s history in five main chapters. These are:

1) The Pre-Columbian Society conformed by the Native community
2) The Colonial Society initiated by the Spanish Conquest (1498 – 1810)
3) The Emancipation Period hazed by the Declaration of Independence from Spain (1810 – 1829)
4) The Caudillo period that begun in 1829 and lasted until 1935
5) The commencement of what is today’s Venezuela’s society (1935 – present)

The family’s Societal Value System (SVS), which is currently the Venezuelan’s family guide, was formed during these periods. Initially, natives were the unique race in Venezuela, but massive immigrations from European (Spanish, Italians, Germans, etc.) and African countries, drove Venezuela’s society into a varied cultural melting pot. Racial diversity mixed to create an intense and unique society. Consequently, economy, social and political manners were to be adapted for this new “market.”
III. Central Themes of Venezuela’s Political Environment

Various political movements grounded on monarchy, military dictatorships, and authoritarian democracies have shaken Venezuela’s contemporary history. Blank (1984) highlighted that Personalism, Paternalism, and Patron-Clientelism is currently the country’s political culture. Venezuela’s political history has strongly shifted bases in five different opportunities. These are 1) Native System (before discovery – 1498) that ended with Columbus’s third trip. 2) Spain’s Monarchic system settled during colonization period (1498 – 1810). 3) The Emancipation Movement that instated a Constitutional State through Military Dictatorships (1810 – 1829). 4) The Cuadillismo period (1829 – 1935) based on military dictatorships in Social Democracy; and finally 5) The Authoritarian Political Democracy (1935 – today) established after overthrowing the last military dictatorship in January of 1958. Presently, an ex-military promising quality of life improvement and radical elimination of government’s corruption & bureaucracy was elected president on past December’s elections.

It seems that Venezuela’s political culture is grounded on the image of a strong man able to save the country from its current economic crisis and recover Venezuelan’s dignity. This creates doubts on Venezuela’s democratic stability and how grounded or understood is political democracy for the general population’s culture.

IV. Central Themes of Venezuela’s Cultural Environment

Researchers Capriles (1992), and Bottome & Barboza (1998) studied how Venezuelan’s working-culture has influenced the country and driven it to its present position. Both concluded that 40 years of a populist political system have developed among the Venezuelan worker the impression of no need to work in order to access the country’s rich natural resources. It is their belief that these resources come for granted. Nevertheless, Capriles and Bottom-Barboza also concluded that a correctly guided and motivated Venezuelan worker would deliver positive results that would dramatically improve their current living standards.

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1 Contemporary history is from the discovery until today’s system
2 Read “Caudillo” in the Conceptual Framework
Culture not only affects politics, but also guides were and how must the country’s economy be. The following is a brief analysis of Venezuela’s economic environment.

V. Central Themes of Venezuela’s Economic Environment

Venezuela has two main periods. The first based on agriculture, cattle raising, and mining. This term lasted until the petroleum boom in 1920. Foreign owned companies would exploit the natural resource and pay an annual royalty plus commission over production rates to the government. Petroleum became the country’s cash cow and dramatically substituted the farming sector. Workers shifted from one industry to another due to better incomes and benefits.

Private property and entrepreneurship has always been respected. Nevertheless, it is in recent years that the central government has recognized the need to develop this sector. Originally, landlords during the Colonial period, in somehow, represented entrepreneurship. But the original and long-lasting ones arrived after World War II from Italy, Portugal, and Spain. These immigrants created a wide variety of small businesses.

VI. Family Business in the World and Venezuela

Family businesses have proven indispensable to the world’s economy. In the European Union, family-controlled businesses are estimated to be 85 percent of all enterprises (Mcbiddin and Pistrui, 1997). In developed markets, such as Italy and Spain, family businesses are drivers of their respective country’s economy. Moreover, family businesses in the United States have strong influence on their economy. Holt (1992) documented that by early 1990s more than 16 million small businesses accounted for approximately 97 percent of all non-farm businesses. In addition, between 1980 and 1987, 66 percent of all new jobs in the United States were in firms with fewer than 1,000 employees generating less than US$10 million in annual sales.3

Venezuela’s private industry has contributed approximately 61.19 percent to the country’s GNP (1994 – 19984) and employed an average of 84.81 percent of the nation’s

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3 The United States Small Business Administration (SBA) defines “Small Business” as one that does not dominate its industry, has less than US$10 million in annual sales, and has fewer than 1,000 employees. (Holt 1992)
4 Source: Venezuelan Central Bank on the web (www.bcv.org.ve)
total workforce (1993 – 1998\textsuperscript{5}). In addition, this sector has continued to increase in establishments and employment numbers. The Venezuelan private sector has proven to play an important role in Venezuela’s economy.

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\textsuperscript{5} Source: IESA (Population and Employment. Workforce) on the web (www.iesa.edu.ve)
Theoretical Framework

This chapter is divided into three sections that chronologically explain the evolution of entrepreneurial-based theories.

I. Early Economic Theories

This period comprised thinkers such as Cantillion (1755), Hoselitz (1960), Badian (1972), Say (1803), Spengler, and Nicolas Baudeau (1776), among others. Hoselitz (1960) defined the term “entreprendre” as “to do something.” Badian (1972) highlighted the early existence of entrepreneurs when supplying equipment and clothing for profit during the Hannibalic War period. Cantillion (1755) characterized the entrepreneur as a class of leaders within an economic society that relied on linking systems that tied groups together by need and necessity. Say (1803) established differences between capitalists and entrepreneurs. He associated the latter with innovation and change. Baudeau (1776) described two key outcomes associated with entrepreneurship: job creation and innovation. Furthermore, he argued that entrepreneurs could be educated. Baudeau called for public policy in assistance of entrepreneurship and enterprise development.

The Early Theories highlighted four dimensional themes, which were:

1. Entrepreneurial: Individual Entrepreneur in search of growth and expansion
2. Managerial: Personal Network (family, friends, and business acquaintances)
3. Resource Aggregation: Availability of social-economic infrastructure
4. Environment Adaptability: Political, socio-economic, and cultural themes

Cantillion, Say, and Baudeau’s major contribution was to associate growth intention and expansion plans as the entrepreneur’s priority goal. This gave base to what the Austrian School of Economic Thought would further develop.
II. The Austrian School of Economic Thought

The School provided a fundamental theoretical approach to entrepreneurship and small business growth. Researchers Carl Menger (1871), Joseph Schumpeter (1934, 1947), Friedrich Hayek (1937), Ludwig Mises (1949), and Israel Kirzner (1979) embodied this period.

Menger (1871) defined entrepreneurship as an individually initiated production process. He suggested that an act of planned growth was an entrepreneurial motivated act of will. Hayek (1937) concluded that entrepreneurial expectations were the central force in enterprise growth and development. Schumpeter (1934, 1947) argued that multiple environmental dimensions (political, cultural, economic, etc.) needed to be considered in order to understand entrepreneurial growth. In addition, he sustained that social-economic facts were “one indivisible whole” and cannot be studied isolated from one each other. For this, Schumpeter highlighted six factors that would complement the econometric-type studies. Schumpeter’s final argument was that economic growth was not an autonomous phenomenon that could be analyzed in economic terms alone.

The Austrian School sustained that firms earn profits as a result of entrepreneurial discovery. Supernormal profits is what motivates entrepreneurs to venture, entrepreneurs recognize profit opportunities in unbalanced markets, and that they also scan their environments in the search of unique “strategic windows” of market based profit opportunities. In a few words, the Austrian School summarized that growth intention and enterprise expansion plans are what motivate entrepreneurs to swell.
There are four general themes within the School’s research: 1) *Entrepreneurial Discovery & Profits*: continuos innovation derives in supernormal profits. 2) *Disequilibrium*: Entrepreneurial competition incites disequilibrium in a market-based economy. 3) *Heterogeneity*: human changing conditions create a complex heterogeneous environment. 4) *Unobservable factors*: personal socio-economic networks, family notion, and environment issues are not considered in the econometric models.

### III. Recent Economic Theories

The Austrian School has strongly influenced the development of recent economic theories. Researchers Leibenstein (1968), Kirnzer (1982), and Bull & Willard (1993), considered the entrepreneur to be indispensable for the economic development process.


Other researchers such as Kuratko & Hodgetts (1998) described the entrepreneur as an independent thinker who dares to be different in a background of common interests. Holt (1992) viewed entrepreneurs as the pillars of industrial strength. He favored an entrepreneurial market economy. Blakely (1994) described the entrepreneur as a risk taker who requires self-knowledge, Research Skills, and Decision-Making & Implementation Capacity.
Fosler (1991) and Albert Shapero, concluded that negative factors, such as unemployment, low income, were among other factors, responsible for almost half of new business formations. Nevertheless, Kizner (1982) differs with both researchers arguing that low standard of living was not a strong entrepreneurial motivator.

IV. Enterprise Growth: A Central Economic Objective Associated with Entrepreneurship Theories

Entrepreneurs engage in activities such as innovation, management, resource aggregation, and adaptability. Furthermore, expansions of enterprise operations, increase of product & service offerings, and pursuit of new & emerging markets are the central economic outcomes stated in entrepreneurship theories. In few words, the entrepreneur is the vital ingredient for economic development. Nevertheless, there are a number of shortcomings, regarding the way the entrepreneur has been studied. These are the most important ones:

1. Most theoretical treatments have analyzed the entrepreneur from only one dimension, principally demographics or psychological characteristics
2. Entrepreneur led economic growth has lacked a unified definition
3. Cultural and Macro-environmental forces have failed to be considered in earlier studies
4. Much of previous researches have produced conflicting and sometimes confusing results
5. There has been a lack of empirical testing of preceding studies

There is the need to develop and empirically test new models of entrepreneurial-based small business growth. It is a priority to assess growth theories associated with entrepreneurship and small business development. For that, Pistrui, Welsch, and Liao (1999) developed a three-dimensional model that established growth intentions and expansion plans as the dependent variable. Factors such as culture, macro-environment, and entrepreneur’s psychological profile among others, are included. There is a thorough explanation of the model in the following chapter.
Multidimensional Model of the Predictors of Expansion Plans

“Growth is considered a central component of entrepreneurship”

David Pistrui (1999)

In 1999, researchers Pistrui, Liao, and Welsch developed a 3-Stage Multidimensional Growth Model. This model is designed to study the relationships and impacts of the entrepreneur’s psychology, societal & demographic composition, as well as environmental infrastructure, on growth intentions and expansion plans. The objective is to better understand the entrepreneur’s expectations of how they intend to grow their businesses and what are the possible influencing variables (predictors).

The model contemplates three dimensions that interrelate among each other. These consequently affect the entrepreneur’s growth intentions and expansion plans (especially small businesses). The dimensions that comprise the Model are: Micro level variables associated with the entrepreneur’s personality, Intermediate level variables related to societal dynamics, and Macro level variables affiliated with the comprehensive environment that firms operate in. Figure 4.1 displays a visual depiction of the proposed model.

I. The Micro Dimension: Individual Entrepreneurial Orientation

The goal here is to probe the entrepreneur’s individual orientation. Researchers have found entrepreneurial orientation to be a key of small firm growth (Pistrui 1999). Brown (1995), and Fox (1996) stated that growth attitude is as much as important as economic aggregates. Micro-dimensional predictor variables are defined as the Entrepreneurial Value Orientations. These EVO are Entrepreneurial Intensity, Entrepreneurial Sacrifice, and Motivation. Three hypotheses are to be proven in this dimension, which are:

I. Intensity (Hypothesis # 1)
   Entrepreneurial intensity is positively related to expansion plans.

II. Motivation (Hypothesis # 2)
   Entrepreneurial motivation is positively related to expansion plans.
III. Sacrifice (Hypothesis # 3)

Entrepreneurial sacrifices are positively related to expansion plans.

**Figure 4.1**

**3-Stage Multidimensional Predictor Growth Model**

**II. The Intermediate Societal Dimension: Family Role & Demographics**

The objective is to investigate the societal dimensions of family & community networks and how they impact growth intentions and expansion plans. Benedict (1991), Aldrich & Zimmer (1986), Shapero & Sokol (1982), Stoianovich (1976), Cobianu-Bacanu (1992), and Pistrui (1999) recognized the family’s importance in the entrepreneurial process. Pistrui points out the family and its role as the “societal core” that impact the entrepreneurial process. Benedict, along with Aldrich & Zimmer, elucidates the kinship network as the entrepreneur’s foundational supply resource. Cobianu-Bacanu, in
studying the Romanian entrepreneur, recognized the family as the main engine driving transition and change in Romania. Shapero & Sokol attributed attitudes, beliefs, and perceptions to be founded by societal aspects. Alike the micro dimension, three hypotheses have been developed aimed to test the intermediate environment.

IV. Age/Year of Venture Establishment (Hypothesis # 4)

Younger enterprises started by older entrepreneurs are negatively related to expansion plans

V. Education (Hypothesis # 5)

Expansion plans are positively related to the level of education

VI. Family Dynamics (Hypothesis # 6)

Family Dynamics are positively related to expansion plans

III. The Macro Dimension: Environmental Obstacles and Support Structures

The Macro Environment variables are external factors related to market conditions, legislation, financial markets, infrastructure, and bureaucracy. Hoy, McDougall, and Dsouza (1992) argued that both the environment and enterprise strategies must be considered when investigating firm growth. Bruno and Tyebjee (1982) concluded the lack of existence of scientific rigor in current researches after investigating the environmental powers that stimulate entrepreneurship. For this case, three hypotheses strive to identify this area’s influence over entrepreneurial growth intention.

VII. Market Orientation (Hypothesis # 7)

Lower levels of market orientation are negatively related to expansion plans

VIII. Financial Infrastructure (Hypothesis # 8)

Financial obstacles are negatively related to expansion plans

XI. Support Services (Hypothesis # 9)

Support services are positively related to expansion plans

The 3-Stage Multidimensional Growth Model studies three categorical dimensions that have been found to impact, influence, and determine small business growth. This information allows identifying the individual components and their interrelationships that impact and shape growth intentions and expansion plans.
Research Design and Methodology

The following elements are aimed to create a cross-sectional survey and analysis system designed to gather facts, opinions, and attitudes of new and already established entrepreneurs in Venezuela. The objective is to empirically evaluate the 3-Stage Multidimensional Growth Model developed by the Pistrui-Liao-Welsch team.

I. Data Collection

Secondary Data
There seems not to be any type of formal study directed towards entrepreneurship and its influence between family and Schumpeter’s “One Indivisible Whole.” Nevertheless, macro- and micro-statistical information was gathered through Internet sites of Venezuelan and foreign organizations.

The Entrepreneurial Profile Questionnaire (EPQ)
Pistrui, Liao, and Welsch developed a cross-sectional survey that recollected necessary information to test their multidimensional model. This survey, titled Entrepreneurial Profile Questionnaire (EPQ), was utilized as a data collection instrument.

The instrument surveys the effect of personality measures and societal dimensions on entrepreneurial expansion plans and growth intentions. The questionnaire reveals the entrepreneur’s personality (attitudes, beliefs, motivations, and opinions) as well as the impact of social groups (family role and relationships, personal networks).

The EPQ was successfully piloted and validated through a series of studies in Russia, Poland, the Czech Republic, Hungary, Lithuania, South Africa, Mexico, United States, and Romania. The study of Venezuelan entrepreneurs is part of an ongoing project aimed to establish the factors that affect entrepreneurial expansion in emerging economies. The instrument was professionally translated into Venezuelan Spanish, pre-tested, revised and implemented.
**EPQ Structure**

Seven clusters were structured in order to gather information that would allow us to evaluate the model's dependent and independent variables. These sections are Attitudes & Beliefs, Entrepreneurship Intensity, Sacrifice, Start-up difficulties, Motives to Venture, Future Plans, and Quality of Life realization. All questions, excepting those of demographic nature, were placed on an agreement continuum by using the Likert-type five-point scale. Table 5.1 displays the criteria used on each cluster.

**Table 5.1.**

EPQ's Sections and Qualification Level

<table>
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<th>Clusters</th>
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<td>Attitudes &amp; Beliefs</td>
<td>Strongly Disagree</td>
<td>Disagree</td>
<td>No Opinion</td>
<td>Agree</td>
<td>Strongly Agree</td>
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<tr>
<td>Intensity</td>
<td>Strongly Disagree</td>
<td>Disagree</td>
<td>No Opinion</td>
<td>Agree</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>Sacrifice</td>
<td>Strongly Disagree</td>
<td>Disagree</td>
<td>No Opinion</td>
<td>Agree</td>
<td>Strongly Agree</td>
</tr>
<tr>
<td>Difficulties</td>
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<td>Disagree</td>
<td>No Opinion</td>
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<td>Motives</td>
<td>To no Extent</td>
<td>To a Small Extent</td>
<td>To Some Extent</td>
<td>To a Great Extent</td>
<td>To a Very Great Extent</td>
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<tr>
<td>Future Plans</td>
<td>Very Unlikely</td>
<td>Unlikely</td>
<td>Don't Know</td>
<td>Likely</td>
<td>Very Likely</td>
</tr>
<tr>
<td>Quality of Life</td>
<td>Not at All</td>
<td>Small Extent</td>
<td>Somewhat</td>
<td>Significantly</td>
<td>Very Significantly</td>
</tr>
</tbody>
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**II. Data Source**

In the beginning of the 1999-spring semester, Professor David Pistrui and myself traveled to Venezuela to establish connection with one prominent educational institution, two governmental organizations, and one family-owned manufacturing company. The object of this trip was centered in gathering the institutions’ attention and motivating them to a) administer the EPQ to legally established entrepreneur-founded businesses, b) recollect the completed surveys and c) mail the questionnaires back to Alfred University, where it would be analyzed by the research team. Following is a brief description of the contacted institutions:
UNITEC (Central Technological University)
This institution is located in the town of Guacara, Carabobo State. The university offers four undergraduate degrees (Information Technology Engineering, Management Sciences, Electrical Engineering, and Mechanical Engineering) and one graduate degree (Management Sciences). They also count with an Institutional-Projects (IP) Division. This division is unique among the Venezuelan universities. Its goal is to develop projects of common interest using the students as their vehicles. The students gain professional experience by directly interrelating with the real world. In our conversation with Dr. Reinaldo Plaz (IP’s director) his statement was to use the IP division to apply the surveys.

CEPROCA (The Productivity and Quality Center of Carabobo State)
The Carabobean regional government in 1984 created this institution. Their mission is to promote, facilitate, and coordinate continuos-improvement actions aimed to integrate societal factors that positively affect Venezuela’s competitive levels. CEPROCA is closely related with regional entrepreneurs and educational institutions. The Eng. Jose Cardenas, Vice-president, expressed the institution’s interest in participating with the project. CEPROCA provided a list of entrepreneurial subscribed companies.

CAPEMIAC (Little and Medium Sized Industry Chamber of Carabobo State)
CAPEMIAC is a nonprofit institution created by the private sector in 1974. Among their objectives are to motivate constructive leadership, promote/foment new ventures, participate in public decisions, craft environmental-change strategies, and integrate human, technological, and financial resources. Similar to UNITEC and CEPROCA, the institution’s Board of Directors, approved to participate in the project. They facilitated a 300 member-list. CEO Olga Cabrera coordinated the distribution, application, and recollection of the EPQ.
ArtQuimia C.A. (Art and Chemistry Inc.)
ArtQuímia C.A. is a privately owned company founded in 1984 by Domingo De Lucia. The company's main core is to manufacture, distribute, & sale Paints for the Fine Arts, and Inks for the Graphic Printing Industry. Due to my close relation with the founder, the company offered to administer the EPQ to surrounding entrepreneurs and founder’s personal friends that are too entrepreneurs.

Myself (Dante De Lucia)
I contacted personal friends that have founded their companies in a December-1998-trip to Venezuela. A list of 32 was elaborated. In three weeks I visited, administered, and recollected 29 surveys.

III. Sampling Procedure
The goal was to gather data on an extensive variety of legally established family businesses. For that, a personalized approach was used. The Venezuelan postal services and telephone system were not viable options due to the questionnaire’s longevity. Personal interviews and leave-pick-up-later proved to be highly efficient. Additionally, a stationary letter with Alfred University, CEPROCA, CAPEMIAC, and UNITEC logos was drafted and addressed to the business founders. Representatives from all four institutions signed the letter. In addition, the EPQ had Alfred University’s name at the top of each page. This encouraged response and built trust among those entrepreneurs selected. Furthermore, a letter to those responsible of applying the surveys was drafted, highlighting the general outlines to be followed when administering the EPQ.

Completed EPQs were returned to the institution responsible for its administration and mailed to Alfred University (AU). At their reception the surveys were coded, entered into SPSS 9.0 and S-Plus 4.0 statistical software, processed, and analyzed under confidentiality. To increment credibility and further trust, participating entrepreneurs were promised a copy of the final report.
IV. Data Analysis
A combination of descriptive and relational exploration techniques was implemented to answer the research’s questions and test the hypotheses. Three stages comprised the data analysis:

1. Investigative focus with descriptive statistics
2. Multivariate analysis by multiple measures
3. Multiple regression analysis (dimensional predictors effects).

V. Sample Description
The goal among the four institutions was set at 197 surveys. Business owners with legally registered companies were the selected study-sample. Eighty-five surveys were successfully recovered, a 43.15 percent response rate. One survey had to be voided due to unreliable resource. Total surveys gathered for the study were 84.

“Too long”, “Don’t have the time”, were among others, the reasons why the 197-goal was not reached. Of the 84 surveys recollected, 71.4 percent were from Valencia (Carabobo State), the rest 28.6 percent were from the country’s remainder. Graph 5.1 displays the sample’s source and composition by city of the Venezuelan entrepreneurs surveyed.

Source: Entrepreneurial Profile Questionnaire 1999
Results and Findings

This chapter presents the results of the empirical investigation. Seven areas are to be developed: 1) Test for sample randomness by different industrial groups. 2) Creation of the Venezuelan entrepreneur profile through sample description. 3) Establishment of the Venezuelan Small Business Profile. 4) Identification of the types and levels of Entrepreneurial Growth intention and Expansion Plans. 5) Study of the Family Network System's impact on entrepreneurship. 6) Description of the Socio-economic influence on entrepreneurship. 7) Identification of growth predictors in order to test hypothesizes.

I. Profile of the Venezuelan Entrepreneur

Venezuelan entrepreneurs are found to be middle aged (approximately 40 years old) with tangible education training beyond high school (mostly College degrees). They are also found to have substantial work and entrepreneurial experience averaging 15.7 and 11.2 years respectively. Furthermore, 82.1 percent of the sampled entrepreneurs are born in Venezuela, while the rest 17.9 percent average 30.3 years living in the country. Along this, 65.1 percent of entrepreneurs had parents venturing in self-employment while 35.7 percent are first-timers within their kinship group.

Table 6.1 displays the age, education, and experience of Venezuelan Entrepreneur by Gender; while Graph 6.1 shows the sample's educational level.

![Graph 6.1: Venezuelan Entrepreneurs' Education Level](source: Entrepreneurial Profile Questionnaire 1999)
### Table 6.1

<table>
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<th>Category</th>
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<th>Female</th>
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<td>39.9</td>
<td>42.24</td>
<td>36.13</td>
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<tr>
<td>Years of Education</td>
<td>15</td>
<td>14.86</td>
<td>15.13</td>
</tr>
<tr>
<td>Predominant Level of Education</td>
<td>Senior College</td>
<td>Senior College</td>
<td>Senior College</td>
</tr>
<tr>
<td>Years of Work Experience</td>
<td>15.7</td>
<td>17.97</td>
<td>12.08</td>
</tr>
<tr>
<td>Years of Business Experience</td>
<td>11.2</td>
<td>12.66</td>
<td>8.91</td>
</tr>
<tr>
<td>Total Sample</td>
<td>84</td>
<td>52</td>
<td>32</td>
</tr>
</tbody>
</table>

### II. Profile of the Venezuelan Small Business

Venezuela’s diverse governments have historically respected private property and entrepreneurship. Nevertheless, the petroleum-oriented country has lacked an accurate plan to foster entrepreneurial development, thus making the country immensely vulnerable on oil.

EPQ results show that approximately 47.7 percent of sampled entrepreneurs decided to go into business between 1988 and 1997. Around 53.20 percent actually initiated their business venture during the 1990’s where 16.5 percent alone were created in 1997. Sixty-seven percent of the firms are partnerships followed by 27.4 percent of Sole Proprietorship.

Graph 5.2 displays the legal business forms. On the other hand, manufacturing (22.6%) was the predominant business activity among the surveyed. Professional Services and Distributor/Wholesaler followed the leader representing 17.9% and 16.7% respectively. Graph 5.3 shows the results.
The majority of these entrepreneurs were risk bearing innovators. Seventy-two percent created new ideas in originating their businesses while 11.9% purchased their venture. The remaining 14.3 percent took the enterprise into a following generation. Finally, entrepreneur’s property over their business averaged 60.4 percent.

III. The Levels and Types of Entrepreneurial Expansion Plans

This section presents results that appropriately identify the entrepreneur’s psychological disposition towards enterprise growth and development. The factors to be analyzed are entrepreneurial motives, intensity, and sacrifices. These elements appropriately measure the Entrepreneurial Value Orientation (EVO).

Entrepreneurial Motives

Venezuelan entrepreneurial activity was strongly based on the desire of a personal sense of accomplishment, the need of independence & security, and a will to collaborate with family and community. Curiously, locus of control and leadership aspirations were not a predominant factor that has motivated Venezuelan entrepreneurs. Table 6.2 displays the top 15 Reasons and Motives for Entrepreneurship in Venezuela.

<table>
<thead>
<tr>
<th>Motives &amp; Reasons</th>
<th>Mean</th>
<th>Sense of ...</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To Develop Ideas</td>
<td>4.4337</td>
<td>Achievement</td>
</tr>
<tr>
<td>2. Contribute with the success of a company</td>
<td>4.4096</td>
<td>Achievement &amp; Collaboration</td>
</tr>
<tr>
<td>3. Better use of Training</td>
<td>4.3735</td>
<td>Achievement &amp; Independence</td>
</tr>
<tr>
<td>4. Experience business’ challenges</td>
<td>4.3690</td>
<td>Achievement</td>
</tr>
<tr>
<td>5. Achieve a personal sense of accomplishment</td>
<td>4.2619</td>
<td>Achievement</td>
</tr>
<tr>
<td>6. Contribute to relatives</td>
<td>4.2619</td>
<td>Achievement &amp; Collaboration</td>
</tr>
<tr>
<td>7. Have high earnings</td>
<td>4.2289</td>
<td>Achievement &amp; Security</td>
</tr>
<tr>
<td>8. Have personal work freedom</td>
<td>4.2169</td>
<td>Independence</td>
</tr>
<tr>
<td>10. Be at the forefront of technological development</td>
<td>4.1667</td>
<td>Achievement</td>
</tr>
<tr>
<td>11. Achieve &amp; get recognition</td>
<td>4.1341</td>
<td>Achievement</td>
</tr>
<tr>
<td>12. Be own boss</td>
<td>4.1220</td>
<td>Independence</td>
</tr>
<tr>
<td>13. Have flexibility in personal and family life</td>
<td>4.0595</td>
<td>Independence</td>
</tr>
<tr>
<td>14. Work with who I like</td>
<td>3.9630</td>
<td>Independence &amp; Locus of Control</td>
</tr>
<tr>
<td>15. Take advantage of an opportunity</td>
<td>3.9259</td>
<td>Achievement</td>
</tr>
</tbody>
</table>
Entrepreneurial Intensity

Venezuelan’s entrepreneurial intensity drives them to view their profession as a vocation. A “to contribute to my community by developing a successful business” attitude stressed their intense focus. Also, they were willing to own their business and dedicate an immense amount of energy to it, rather than earn a better salary. Additionally, it is with out question of their long-term commitment to their venture. The possibility of selling the business was very unlikely to take place (See table 6.3). Yet, the Venezuelan entrepreneur ranks the family over the business.

Table 6.3

<table>
<thead>
<tr>
<th>Character</th>
<th>Mean</th>
<th>Viewed as a ...</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To contribute to my community</td>
<td>4.3214</td>
<td>Vocation</td>
</tr>
<tr>
<td>2. Own business rather than earn more salary</td>
<td>4.1687</td>
<td>High Commitment</td>
</tr>
<tr>
<td>3. No limit to effort</td>
<td>3.9036</td>
<td>High Commitment</td>
</tr>
<tr>
<td>4. Do whatever it takes</td>
<td>3.8452</td>
<td>High Commitment</td>
</tr>
<tr>
<td>5. Work for other to start business</td>
<td>3.7468</td>
<td>Achievement</td>
</tr>
<tr>
<td>6. Philosophy: Whatever it takes</td>
<td>3.5432</td>
<td>High Commitment</td>
</tr>
<tr>
<td>7. Willing to Sacrifice</td>
<td>3.4146</td>
<td>High Commitment</td>
</tr>
<tr>
<td>8. Better own business than have a career</td>
<td>3.2805</td>
<td>Commitment</td>
</tr>
<tr>
<td>9. My business is the most important activity of my life</td>
<td>2.8929</td>
<td>Life over business priority</td>
</tr>
<tr>
<td>10. Plan to sell business</td>
<td>1.8452</td>
<td>Long-term commitment</td>
</tr>
<tr>
<td>11. Business over family</td>
<td>1.7952</td>
<td>Family over business priority</td>
</tr>
</tbody>
</table>

Entrepreneurial Sacrifice

Venezuelans take their entrepreneurial activities very seriously and are willing to incur in personal sacrifices to support their businesses. Twenty-seven percent of the sample averaged 50 hours a week while 18.2 percent fairly performed 60 hours. They also sacrifice personal commodities such as “watching TV and attending their favorite sport.” Additionally, they committed into “taking on any business task, attending undesirable responsibilities, working more than 60 hours/week, acquiring new skills, and borrowing on their personal and/or business assets.” Nevertheless, this immolation was limited to the entrepreneur’s pure responsibility. Once again, the Venezuelan entrepreneur prioritized the family over the business (See table 6.4). “Risk of failure” and “Avoid family conflict” are among others, strong indicators of a traditional family system.
Table 6.4
Venezuelan Entrepreneurial Sacrifices

<table>
<thead>
<tr>
<th>Sacrifice</th>
<th>Mean</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Take on any business task</td>
<td>3.9125</td>
<td>Perform personal sacrifices without involving the kinship group</td>
</tr>
<tr>
<td>2. Attending undesirable responsibilities</td>
<td>3.7403</td>
<td></td>
</tr>
<tr>
<td>3. Not watching TV</td>
<td>3.6506</td>
<td></td>
</tr>
<tr>
<td>4. Not attending favorite sport</td>
<td>3.5802</td>
<td></td>
</tr>
<tr>
<td>5. Work 60 hours a week</td>
<td>3.4568</td>
<td></td>
</tr>
<tr>
<td>6. Acquire new skills</td>
<td>3.4500</td>
<td></td>
</tr>
<tr>
<td>7. Borrow on my assets</td>
<td>3.3810</td>
<td></td>
</tr>
<tr>
<td>8. Sacrifice recreational time</td>
<td>3.2651</td>
<td></td>
</tr>
<tr>
<td>9. Use of all savings</td>
<td>2.8916</td>
<td>Due to economic &amp; political uncertainty, most people send their money out of the country</td>
</tr>
<tr>
<td>10. Sacrifice position in friends’ eyes</td>
<td>2.7711</td>
<td>Societal driven. Individualism is viewed as selfishness</td>
</tr>
<tr>
<td>11. Lost time in another job</td>
<td>2.7500</td>
<td></td>
</tr>
<tr>
<td>12. Tolerate the wrath of my family</td>
<td>2.4881</td>
<td>Traditional family structure. Again the family is over the business. This situation is also present in Italian entrepreneurial firms</td>
</tr>
<tr>
<td>13. Give up my friends</td>
<td>2.4286</td>
<td></td>
</tr>
<tr>
<td>14. Bear the entire risk of failure</td>
<td>2.2439</td>
<td>(Mckibbin &amp; Pistrui 1997)</td>
</tr>
<tr>
<td>15. Allow conflict with my family</td>
<td>2.1928</td>
<td></td>
</tr>
<tr>
<td>16. Mortgage the house</td>
<td>2.1463</td>
<td></td>
</tr>
<tr>
<td>17. Sacrifice my children’s education</td>
<td>2.0122</td>
<td></td>
</tr>
<tr>
<td>18. Sacrifice quality time with my family</td>
<td>1.8571</td>
<td></td>
</tr>
<tr>
<td>19. Sacrifice quality time with my children</td>
<td>1.5904</td>
<td></td>
</tr>
<tr>
<td>20. Allow break up of marriage</td>
<td>1.5238</td>
<td></td>
</tr>
</tbody>
</table>

Venezuelan Entrepreneurial Value Orientation (EVO)
Venezuelan entrepreneur’s psychological disposition suggested that they had commitment towards expanding and growing themselves personally and subsequently their enterprises. The “contribute to my community by developing a successful business” attitude proved their vocational commitment to entrepreneurial endeavor. Family security rated high and above their businesses. Nevertheless, the entrepreneur’s highly appointed to their ventures. A sense of personal achievement and independence along a desire of collaboration and family security were their main motives and reasons to undertake. Intensity and sacrifice were personally oriented detouring any possible influence/risk to their kinship group. Venezuelan’s think on keeping and developing their businesses in the long-term. Table 6.5 displays the average mean importance of the Venezuelan Entrepreneurial Value Orientation gathered through the EPQ.
Table 6.5
Venezuelan Entrepreneurial Value Orientation (EVO)

<table>
<thead>
<tr>
<th>Value Characteristic</th>
<th>Mean Importance</th>
<th>Psychological Thematic Traits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Motives and Reasons</td>
<td>3.6529</td>
<td>Personal sense of achievement and independence, family security, and public collaboration.</td>
</tr>
<tr>
<td>2. Intensity</td>
<td>3.3416</td>
<td>Committed entrepreneurial orientation. Willingness to commit significant personal sacrifices without involving the kinship group. Drive and maximum effort.</td>
</tr>
</tbody>
</table>

Range 1-5; N = 84

Entrepreneurial Venturing: Innovation Strategic Intentions

Venezuelan entrepreneurs seem strongly committed in developing and expanding their businesses. The average result was 4.0884. It is therefore stated that all of those entrepreneurs surveyed have growth intentions and expansion plans for next two years. The marketing and selling arena had more priority than technology and resource aggregation. Table 6.6 details five themes of the Schumpeterian Implementable Attributes of Planned Growth (IAPG) that emerged among these entrepreneurs.

Table 6.6
Strategic Behavioral Characteristics
Schumpeter’s Five Attributes of Planned Growth

<table>
<thead>
<tr>
<th>Schumpeterian Behavioral Characteristics</th>
<th>Mean Importance</th>
<th>IAPG – Growth Intentions &amp; Expansion Themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Introduction of new goods</td>
<td>4.3452</td>
<td>Adding new products and services</td>
</tr>
<tr>
<td>2. Opening of new markets</td>
<td>4.2396</td>
<td>Researching and selling to new markets. Expanding advertisement &amp; promotion</td>
</tr>
<tr>
<td>3. Introduction of new methods of production</td>
<td>4.0174</td>
<td>Expand scope of operating activities, adding space and new equipment</td>
</tr>
<tr>
<td>4. Industrial Reorganization</td>
<td>3.9864</td>
<td>Adding knowledge, new operating methods, technology upgrade, financial assistance</td>
</tr>
<tr>
<td>5. Opening of new sources of supply</td>
<td>3.8535</td>
<td>Expanding distribution channels and seeking professional advice</td>
</tr>
</tbody>
</table>

Range 1-5; N = 84
IV. The Impact of the Family Network on Entrepreneurial Growth Intentions & Expansion Plans

This section concentrates on family and enterprise relations. Venezuelan’s family culture tends to be traditional, accentuating the group over the individual. Nevertheless, individualist characteristics (sense of accomplishment and independence) were found to be principal motivators of entrepreneur’s venturing. Here the impact of family network on entrepreneurship and enterprise development will be explored.

Family Investors

The family played an active investment role in Venezuelan’s entrepreneurial ventures. More than half the sample showed that 1 to 2 family members has invested in the business. This represented 55 percent. Three to six family members invested in 13.7 percent of the 84 surveyed companies, while 31.3 percent were only founder’s investment. Graph 6.4 displays the results.

Ownership

Approximately 27.4 and 25.6 percent of entrepreneurs own 50 and 100 percent of their firms respectively. Seventy-four percent of Venezuelan family businesses have a family-owner-member different than the founder. It seems very likely that the family served as a primary business partner assisting entrepreneurs with enterprise development. This conclusion may be clarified with further research. Graph 6.5 presents the Venezuelan ownership distribution.
Family Members as Employees

On the employment front, the family was active in enterprise development and operation. All of the businesses in the sample had at least one family member working full time (see Graph 6.6). Two-thirds (68.9 percent) hired from 1 to 3 full-time family members. Part-time employment played an important, but less significant role. Almost one-third (30.0 percent) of the firms had at least one part-time family employee, while 65 percent had no part-time family employees.

Graph 6.6
Full Time Family Members working at the Venture

Graph 6.7
Part Time Family Members working at the Venture

Role of the Family Network System in Supporting Entrepreneurship and Enterprise Development

The cultural tradition that emphasizes the group over the individual remains evident during economic development and transitional government. The family network system plays a dominant role in supporting entrepreneurship and enterprise development.

Findings indicated that “all” of these entrepreneurs have at least one family member working at their business. Additionally, 74.4 percent of the firms were found to have somewhat ownership different than that of the entrepreneur. Finally, more than half the companies (55.0 percent) presented family investors others than the founder.

Based on these results, it becomes clear that the family strongly influences enterprise development and growth intentions. Strangely, this complements an individualistic driven entrepreneur when the firmest venture’s motives rely on “personal achievement.”
V. The Impact of the Social-Economic Environment on Expansion Plans and Growth Intentions

This section contemplates the impact of macro-economic variables to entrepreneurial growth intentions and expansion plans. Venezuela’s evolving economy has created an atmosphere of struggle, uncertainty, and mistrust. A pollster company reported that most industrials considered the unstable political climate, lack of development plans & policies, national demand’s decrease, and Venezuelan’s Purchase Parity Power (PPP) weakening, to have motivated a never registered economic recession that boosted a 34.0% unemployment rate en mid 1999.

Financial Infrastructure and its impact on Entrepreneurship and Enterprise Development in Venezuela

The Venezuelan Entrepreneur views financial-liquidity-shortage as the most difficult variable that entrepreneurship faces. Especially at the start-up level, venture financing was considered to be the creation’s filter when taking into reality a profitable idea. Clearly, entrepreneurs have strongly relied on the family network and close friends for start-up capital.

Another reason rested on financial institution’s barriers when approving working capital to little and medium sized firms. In this matter, high interest rates (that in some case passed 70% in the early 90’s) scared away potential growth intentions. Table 6.7 displays the results.

<table>
<thead>
<tr>
<th>Difficulties</th>
<th>Mean Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Entry-level financial requirements (start-up risk)</td>
<td>3.8675</td>
</tr>
<tr>
<td>2. Lack of access to Capital</td>
<td>3.6463</td>
</tr>
<tr>
<td>3. Difficulties in obtaining a Loan</td>
<td>3.5125</td>
</tr>
<tr>
<td>4. Extension of Credit from Suppliers</td>
<td>3.4337</td>
</tr>
<tr>
<td>5. Lack of financial employees</td>
<td>3.2683</td>
</tr>
</tbody>
</table>

The country’s weak financial structure (including human resource) has motivated national entrepreneurs to freeze investments. This happened despite the entrepreneur’s strong feelings towards growth intentions and expansion plans.
Market Orientation and its impact on Entrepreneurship and Enterprise Development in Venezuela

Table 6.8 identified two distinctive characteristics that have shaped Venezuela’s macro-economic dimension. The first was related to general market issues, which were grounded on entry barriers and a number of existing competitors. It seemed that the lack of strong financial back-up and weak know-how decreased potential entrepreneurs to develop successful businesses.

The second characteristic related with governmental action and the country’s general culture towards free enterprise. Entrepreneurs have struggled with an administrative corrupted government that instated excessive levels of bureaucracy. Additionally, populism has been Venezuela’s political practices, therefore creating Paternalistic feelings that somehow have promoted Democratic Socialism.

<table>
<thead>
<tr>
<th>Difficulties</th>
<th>Mean Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Entry barriers</td>
<td>3.6790</td>
</tr>
<tr>
<td>2. Number of Competitors</td>
<td>3.3855</td>
</tr>
<tr>
<td>3. Bureaucratic Red Tape</td>
<td>3.2658</td>
</tr>
<tr>
<td>4. Anti-Market Attitude</td>
<td>3.1098</td>
</tr>
<tr>
<td>5. No Entrepreneurial Understanding</td>
<td>2.9881</td>
</tr>
<tr>
<td>6. Lack of clear regulations regarding private enterprise</td>
<td>2.9398</td>
</tr>
<tr>
<td>7. Corruption</td>
<td>2.8434</td>
</tr>
<tr>
<td>8. Negative attitude towards profit making</td>
<td>2.4390</td>
</tr>
</tbody>
</table>

Venezuela’s entrepreneurs embrace market based philosophies while politicians sell populist ideologies that hurt capitalistic principals. As an example, this paternalistic model evidences when low-income and unemployed people invade private property declaring it theirs and expecting support by the newly elected Venezuelan President (Hugo Chavez). This has created a general belief among entrepreneurs that a comprehensive part of the population does not view private enterprise as a strong solution to economic recession. This attitude has degraded a market-economic image and damaged the country’s private infrastructure.
Support Services and its Impact on Entrepreneurship and Enterprise Development in Venezuela

Venezuelan entrepreneurs strongly recognized three main service areas that were currently weak. The first and foremost important were Information Services. Entrepreneurs' specially highlighted Marketing as the critical one, followed by International Information. Normally in evolving markets like Venezuela, Information Services are not mature when compared with that of industrialized countries.

The second deficiency grounded on Education. The surveyed entrepreneurs stressed that weak technicians, and professionals, enter the workforce every year. Some of the reasons are believed to be under-paid faculty members, politicized and/or profit-driven educational institutions, and a strong sense of anomie. These were among others, some of the hypothesized reasons of the inefficient educational system.

The last but not least, rested on the lack of Governmental Services such as Assistance Agencies and distribution channels that could add value to entrepreneur's growth intentions and expansion plans. Most entrepreneurs viewed the State as a heft and not an ally in doing business.

Table 6.9
Support Services

<table>
<thead>
<tr>
<th>Difficulties</th>
<th>Mean Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of Marketing Information</td>
<td>3.2289</td>
</tr>
<tr>
<td>2. Lack of Technical Assistance</td>
<td>3.1829</td>
</tr>
<tr>
<td>3. Lack of Marketing Employees</td>
<td>3.1807</td>
</tr>
<tr>
<td>4. Lack of International Information</td>
<td>3.1463</td>
</tr>
<tr>
<td>5. Government Assistance Agencies</td>
<td>3.1341</td>
</tr>
<tr>
<td>6. Lack of Managerial Services</td>
<td>3.1341</td>
</tr>
<tr>
<td>7. No Distribution Channels</td>
<td>3.1220</td>
</tr>
<tr>
<td>8. No Knowledge of Information Sources</td>
<td>3.0610</td>
</tr>
</tbody>
</table>

Venezuelan entrepreneurs frequently access outside Support Services from neighbor and developed countries. This allows them to maintain and continue their goals by fulfilling open spots left by the National Government. Clearly, this lack of Support Services can hamper growth intentions and expansion plans.
The Impact of the Social-Economic Environment on Expansion Plans and Growth Intentions

Venezuela’s social-economic environment offered insufficient support of entrepreneurship and small business development. Forty years of demagogic democracy created a Paternalist/Populist political culture that developed an anti-market behavior. Private enterprise was permitted but not respected. Additionally, incompetent economic plans fostered corruption and bureaucracy that limited any potential growth-windows that entrepreneurs might have seen. Table 6.10 displays the entrepreneur’s perception of Venezuela’s macro-economic dimension.

<table>
<thead>
<tr>
<th>Difficulties</th>
<th>Mean Importance</th>
<th>Environmental Themes</th>
</tr>
</thead>
</table>

These low scores have proven the entrepreneur’s lack of confidence to the country’s financial structure, market orientation, and support services. Nevertheless, they still exhibited a vocational dedication and strong intentions when growing and expanding their businesses.

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6 Democracy in Venezuela began after General Marcos Perez Jimenez suffered a military coup in January of 1958. He considered the Nation’s last military dictator.
Conclusions

This document represented an explicit theoretical and empirical step in the study of successful entrepreneurship, in terms of growth intentions and expansion plans of new and already established entrepreneurs in developing economies. In this study a Tri-dimensional model developed by researchers Pistrui-Liao-Welsh (1999) and based on Schumpeter’s “one indivisible whole” was engaged. The conclusions are as follow:

1. Venezuela’s Entrepreneurs average 40 years of age old and a typical college level. The majority has ventured for the first time with a prior 15-years par of work experience. Most of their parents were entrepreneurs. The Entrepreneur’s basic motivations relied on personal achievement, independence, collaboration and security. Loci of Control and Leadership Aspirations were not impelling factors for business venturing. Their intensity is vocational and highly committed towards their venture. Nevertheless, the family is prioritized over the business. Sacrifices are personal and do not reach the kinship group. Venezuelan entrepreneurs locate their individualistic characteristics over their society. They break Venezuela’s traditional societal system where the community is over the individual. Nevertheless, their vocation stimulates them to participate in communal organizations.

2. Entrepreneurial businesses were mostly developed during the 1990’s. Manufacturing, followed by professional services and distributor/wholesaler, was the biggest segment of the recollected sample. Curiously 1997 (a year followed by 103% inflation in 1996) was the period where most business ventures were created. Partnerships were the predominant business types showed by EPQ results.

3. Entrepreneurs from Venezuela strongly plan to expand and grow their businesses within the next two years. Resource Aggregation, Market Expansion, and Technology Improvement were the identified short-term growth factors that satisfied Schumpeter’s Five Attributes of Planned Growth. Market orientation followed by New Production Methods, Industrial Reorganization, and the search of new-sprung Supply Sources are considered to be satisfied in the short term.
4. The family kinship proved to have a strong impact on entrepreneurship and enterprise development. Every one of the surveyed companies had at least one full time family member working at their plant. Additionally, very few enterprises (25.6%) had the entrepreneur as the only investor. The family’s investment participation rated 74.4% of the sample. It is proven then, that the family strongly influences enterprise development and growth intentions. This takes place despite the Entrepreneur’s individualistic motives when shaping the company.

5. Venezuela’s Entrepreneurs found the country’s political-social-economic environment unstable and not worth trusting. The nation’s financial frame, support services, and market infrastructure does not level those of developed economies, therefore declining Venezuela’s competitive levels. Cash Flow was the biggest problem entrepreneurs confronted as well as a political uncertainty climate. This scenario has motivated the closing of thousands of plants from mid-1998 until today.

**Final Conclusion**

Venezuela’s Entrepreneurs are committed people that challenge a traditional societal model and works under unstable political-economic situations and still manage to succeed and develop their ventures. They guarantee long-term entrepreneurs.

**Final Note**

Although this effort represents the beginning, the possibilities for further development and greater insights are dramatic and exciting.
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