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Entrepreneurship in a Remote Sub-Arctic Community

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This exploratory study attempts to provide a theoretical and empirically informed judgment about entrepreneurial activities in a small sub-Arctic Alaskan town. An interdisciplinary literature review leads to the development of a theoretical typology of the entrepreneur, the framework of which is used to analyze empirical findings. Having obtained, using ethnographic methodology, information on how and why people in that town become entrepreneurs, the author compares empirical findings with established theories. Evidence reveals that Eskimos and non-native respondents relate to opportunity quite differently. This supports the notion that entrepreneurship should not be viewed as a function of opportunity, but rather as a function of cultural perceptions of opportunity. Implications and topics for future research are discussed.

INTRODUCTION

In recent years, entrepreneurship has been a major source of jobs; it has been linked to economic growth and is believed to lead to national prosperity. Consequently, considerable effort has been focused on understanding the phenomenon of entrepreneurs.

Around the world, research has analyzed patterns and put forth hypotheses, resulting in a rich and varied literature that can be divided into several schools of thought, each with its own theory on self-employment and explanatory variables. Explanations that appear convincing with respect to entrepreneurial activity in some specific groups are less applicable to others.

Although governments have been actively promoting entrepreneurship as a creator of jobs and a path to regional development, relatively little is known about the entrepreneurs of the sub-Arctic. Generally, the proportion of entrepreneurs among certain ethnic minorities is considerably higher than in American mainstream society. What is the picture like in an Alaskan town where there is a concentration of native people and in which non-indigenous people are in a minority position?

This article reports the findings of an exploratory field study. The purpose of the research was to understand how and why the entrepreneurs of the area first became so. The objective of this article is to compare existing theories of entrepreneurship with what the individual entrepreneurs each had to say about their actual experiences.

DEFINITION, POPULATION, AND SELECTION OF SUBJECTS

For the purposes of this article, the word "entrepreneur" refers to an individual who earns his livelihood by exercising:

some control over the means of production and produces more than he can consume in order to sell (or exchange) it for individual (or household) income (McClelland, 1961, p. 65).

Likewise, the word "entrepreneurship" refers to the ongoing business activity of the "entrepreneur" as defined above. This is in line with the definition used in anthropology, defining entrepreneurs as owners and operators of business enterprises, as explained by Greenfield and Stricton (1981).

The choice of definition was not arbitrary. Virtually everybody in the study area engages in some degree of subsistence activity such as hunting or fishing. It was therefore decided to select subjects according to a definition that would distinguish between (i) the entrepreneur whose principal occupation and primary source of income is a small enterprise responsible for earning his living; and (ii) the individual who may go fishing in order to have fresh fish for personal use, or occasionally be self-employed on a part-time basis in order to supplement income from other sources, i.e., salary or welfare payments.

Hence, this article is based on interviews with entrepreneurs who earn their livelihood by exercising some control over a business activity, intentionally producing more than can be personally consumed, in order to profit from such enterprise, whether formal or informal. This includes the owner-manager of a small business (who is simply seeking to further personal goals) as well as the innovative, growth-oriented entrepreneur. Partnerships and family businesses are both included. Subsistence individuals, such as people who spend all day panning for gold, are considered to be entrepreneurs because this activity is their primary source of income. In contrast, a person who works full-time for an employer is not included, even if leisure time includes fishing or panning. Therefore, this study excludes an employee or welfare recipient who supplements a government cheque with some informal subsistence activity such as fishing; an individual if self-employed part-time is not considered to be an entrepreneur, unless his entrepreneurial activity is his means of earning his livelihood.

The author never selected the sample; instead, each of 65 entrepreneurs currently doing legal business in town were approached, as if producing a census, and thereby avoiding the need for inferential statistics. Each respondent was investigated as described in the methodology sequence below.

METHODOLOGY

Being exploratory in nature, and in anticipation of cultural differences, non-quantitative methods were selected for this study in order to capture the experiences of entrepreneurs in their own words. Whereas quantitative methodologies allow a researcher to easily obtain data about entrepreneurs, selection of a qualitative approach enabled the author to research not only individual entrepreneurs, and why they are self-employed, but also the context of entrepreneurship, including the socio-cultural environment, the host society, the values therein, and how individuals become entrepreneurs. As noted by Wortman and Roberts (1982, pp. 2-3), "in employing the qualitative approach, the focus is on how ... rather than why.

In addition to the analysis of primary and secondary printed sources, a variety of ethnographic research methods were used. Methodology involved the researcher taking temporary residence in the community under study, in order to observe and record interactions and to conduct extensive open-ended interviews with business owners, employees, and key informants. Substantial information was obtained only after a personal, trusting relationship was established. The interview guide consisted of open-ended questions to capture what people had to say in their own words, about how and why they got involved in their own business and what their entrepreneurship or small business experiences meant to them. Interviews lasted between two and five hours.

Of the 65 entrepreneurs engaged in legal enterprise in the community, some cooperated more than others. A total of 64 successful interviews were completed, with 12 male Eskimos, two female Eskimos, 31 non-native males and 19 non-native females. Data was constantly verified for consistency, reliability and quality, by recording depth and detail and using triangulation for verification; whenever there were conflicting reports, further investigation took place.

Each testimony was scanned for the key words defining each theoretical category, as described in Exhibit I. Each respondent was then classified into the category, the key words of which had the highest incidence rate in the testimony. This ensured that classification into any category was done in a consistent and verifiable manner. Furthermore, after classification, prominent residents of the area were asked to verify whether they agreed on the category assigned to each respondent. In only one instance was there ambiguity and this was resolved through further interview. The misunderstanding had arisen due to the respondent's inadequate command of the English language.

RELATED RESEARCH

A review of the literature suggests that most of the research about minority entrepreneurs was conducted in large metropolitan areas. Blaschke and Ersoz (1984) reported on Turks in West Berlin; Boissevain and Grotenbreg (1987) looked at Surinamese entrepreneurs in Amsterdam; Brenner and Toulouse (1990) researched Chinese entrepreneurs in Montreal; Dana (1993) compared Haitians, Indians, and Italians in Montreal; Ladbury (1984) investigated Turkish Cypriots in London; Lasry (1982) described Sephardi Jews in Quebec; Light (1972; 1980; 1984) researched Japanese entrepreneurs in Los Angeles; Light and Bonacich (1988) investigated Koreans in Los Angeles; Loewen (1971) researched Chinese owner-managers in Mississippi; Min and Jaret (1985) analyzed Koreans in Atlanta; Palmer (1984) studied Italians in Britain; Portes and Bach (1985) discussed Cubans in Miami; Posadas and Guyotte (1990) observed Filipinos in the US; Ray, Momjian, McMullan, and Ko (1988) contrasted Armenians in Los Angeles with immigrant Chinese entrepreneurs in Calgary; Reeves and Ward (1984) investigated West Indians in Britain; Werbner (1984) studied Pakistanis in Manchester.

In each of the above, the subjects were persons (from diverse ethnic backgrounds) who were self-employed in a host society with a western, capitalist culture. The research upon which this essay is based, in contrast, was conducted in a small town in the sub-Arctic, where the dominant culture has not historically valued capitalism. In the study mainstream Americans are a minority in a host society of Eskimos whose orientation has been historically collectivist.

ANALYTICAL FRAMEWORK: A TYPOLOGY OF ENTREPRENEURS

An interdisciplinary literature review indicates that several schools of thought have led to a variety of existing theories of entrepreneurship. Various authors have attributed different explanatory variables to entrepreneurial activity, e.g., personality, culture, marginality, ethnicity, etc. In each instance, the explanation proposed by a theoretical approach does correspond well to some entrepreneurs, but not necessarily to all.

Although Siropolis (1977, pp. 23-24) observed that any person who operates a commercial enterprise may be referred to as an entrepreneur, there are, nevertheless, several types of entrepreneurs. As explained by Kets de Vries (1985, p. 161), "entrepreneurs are not a homogeneous group." Although it would be a fallacy to speak in terms of discrete, non-problematic categories, it is useful to have functional groups as a basis by which empirical findings may be organized for future analysis.

There have been numerous attempts to create taxonomies of entrepreneurs. Danhof (1949) was among the first, identifying four types of entrepreneurs: the drone, the fabian, the imitative, and the innovative. Cole (1959) identified three types of firms: the imitative, the innovative, and the repetitive.

Collins, Moore, and Darab (1964) and later Collins and Moore (1970) distinguished between administrative entrepreneurs and independent entrepreneurs. In contrast, Smith (1967) distinguished between the craftsman entrepreneur and the opportunistic entrepreneur. Hornaday and Bunker (1970) found that craftsman entrepreneurs were limited in cultural background and low in social involvement, while opportunistic entrepreneurs were broader in education and social involvement while more aggressive in the development and long-term expansion of their firms.

More taxonomies emerged during the 1980s. These included those by Scase and Goffee (1980), Schollhammer (1980), and Vesper (1980).

The pilot study for this field research in the sub-Arctic found that none of the above was ideal to compare Eskimo and non-native entrepreneurs. Therefore, it was decided to classify the respondents according to the theory relevant to the specific experience of each entrepreneur. Each theoretical approach will now be discussed briefly. The classification is not to be viewed as exhaustive or rigid, but it is nevertheless sufficient to describe the variety of entrepreneurs studied in this area; furthermore, the classification is intended to evolve as more lit-

Exhibit 1

Framework Summary

Category of Entrepreneur	Key Defining Elements	Key Words	Type Of Entrepreneurship
Traditional Self-Employed	Risk of economic uncertainty; no technology or innovation involved	Risk; adventure; uncertainty	Opportunity seeking
Cultural Entrepreneur	Culturally acquired values such as thrift, asceticism and frugality	Work ethic; thrift; frugal; culture	Opportunity seeking
Personality Determined Achiever	Specific psychological traits such as a high need for achievement	Independence; be my own boss; needed to achieve	Opportunity seeking
Barthian Agent	Visible social impact on community	Social change; transformed the community	Opportunity seeking
Hagenian Displacee	Social displacement resulting in self-employment	Lost my job; got fired; unemployed; bored; welfare	Reactive (to displacement)
Kirznerian Identifier	Identification of an existing market opportunity	Opportunity; stumbled across; accident	Reactive (to opportunity)

erature is published in this emerging discipline. Its purpose in this study is to serve as a typology according to which empirical findings in the study will be classified below. Unlike taxonomies in evolutionary biology, those in social sciences have no temporal implication, and they cannot be proven or disproven; however, such a framework is useful in order to classify respondents. The key defining elements of each category are summarized in Exhibit I.

The Traditional Self-Employed

Economic uncertainty is one of the distinguishing characteristic of this classic entrepreneur. According to Cantillon (1755), the entrepreneur is any individual who is self-employed, thereby actively taking the risk of economic uncertainty. Cantillon included beggars and thieves in his definition of entrepreneurs, as these were not working for an employer and therefore faced economic uncertainty.

Mill (1848), another early economist to refer to the entrepreneur, considered entrepreneurship to be direction, supervision, control, and risk taking, with risk being the main distinguishing feature between the manager and the owner-manager. Say (1816), Knight (1921), and Oxenfeldt (1943) also recognized the centrality of risk in the entrepreneurial undertakings of the traditional self-employed. There is no reference to Schumpeterian innovation (Schumpeter 1911, 1934, 1949) or technology in this school of thought.

The Cultural Entrepreneur

Weber (1905-6), seeing the entrepreneur as the ultimate source of formal authority in an organization, analyzed the presumed relationship between the "Spirit of Capitalism" and the "Protestant Work Ethic." According to his thesis, the success of the entrepreneur could be traced to cultural values such as asceticism, deferred gratification, frugality, and thrift—fundamentals of Protestant culture (but not exclusive to it). Culture was the explanatory variable that predisposed some peoples towards being culturally pushed to entrepreneurial activity while other peoples tended to refrain from new venture creation. This explained why the Protestants in France, for example, were often entrepreneurs. Thus, the Weberian approach argued that entrepreneurial behavior is culturally influenced by values and beliefs.

Weber (1956, pp. 199-204) elaborated on how religion, the caste system, and the family system affected the emergence of entrepreneurship in India. He noted that the Jains (an ascetic religious sect) became a trading sect for purely ritualistic reasons, as only in trading could one practice ahimsa, the absolute prohibition of the killing of live things. Along the same theme, Gadgil (1959) showed that Muslims, Christians, and Jews were the chief traders of Kerala, in South India, and Jenkins (1984) showed that Protestants in Northern Ireland manipulated ethnicity in the realm of economic transactions and thus dominated the country.

Shapiro (1984) concluded that culture was an explanatory variable for entrepreneurial activity or the lack of it. He also noted that some cultures value entrepreneurship more than do others. "Some cultures that value entrepreneurship are the: Ibos in Africa, Gujeratis, Jains, and Parsis in India, overseas Chinese in southeast Asia, Antioqueros in Colombia, Jews, Lebanese, the people from Pyongan in North Korea, and Mennonites and Mormons in the United States (p. 26)."

Numerous empirical studies report some cultures as being more represented than others in the small business sector. Among them, Lasry (1982) noted the percentage of entrepreneurs among Sephardi immigrants in Montreal as being significantly higher (38 percent) than among immigrants in general.

Other cultures, in contrast, do not value entrepreneurial behavior. Becker (1956) suggested that some societies, because of their non-entrepreneurial culture, welcome outsiders to perform entrepreneurial functions. In effect, some groups with entrepreneurial values do become the predominant entrepreneurs of host societies. Sayigh (1952), for instance, found Christians and Jews to be the prominent entrepreneurs of Lebanon. Kong, Soon, and Hwa

(1991) showed how Singaporean Chinese are active entrepreneurs in Malaysia. There are countless other examples.

In summary, the Weberian entrepreneur is not attracted to entrepreneurship because of its risk; instead, such a person is pulled to entrepreneurial activity because it is compatible with the cultural values to which the individual was previously conditioned.

The Personality-Determined Achiever

Certain individuals are pulled to entrepreneurship because of a predisposition in their personality. In contrast to a focus on the creation of an opportunity (Schumpeterian innovator) or the identification of existing opportunity (Kirznerian identifier), American psychologist David McClelland (1961) found a positive correlation between entrepreneurial behavior and a psychological trait, the "need for achievement" which he termed "n-ach." Doing research in the US, Italy, and Poland, he attributed the individual entrepreneur's need for achievement as the variable influencing behavior. He interpreted his results to suggest that individuals with a high need for achievement would be influenced by that need and consequently pursue entrepreneurial activity.

McClelland's research also influenced numerous other studies which established a link between high need for achievement and belief in internal locus-of-control. Although Brockhaus (1982, pp. 42-43), did not find a causal link between ownership of a business and a high n-ach and Begley and Boyd (1987) contended that entrepreneurs generally have a more internally oriented locus of control than do managers. Sexton and Bowman (1985), however, did not find a significant difference in locus of control between managers and entrepreneurs.

Other significant contributions among many dealing with the theme of psychological traits include Gasse (1977), Kets de Vries (1977), Brockhaus and Horwitz (1986), and Sexton and Upton (1990). In a literature review, Timmons (1978) listed fourteen characteristics of the entrepreneur. Hornady (1982) also listed the entrepreneurial characteristics most reported in academic surveys. In summary, this school of thought views entrepreneurship as a function of personality-determined characteristics. Certain psychological traits enable entrepreneurs to achieve entrepreneurial goals. However, it is worth noting that some of the researchers in this category differ among themselves.

The Barthian Agent

The personality-determined achiever school of thought distinguished between entrepreneurial growth-oriented achievers and less ambitious owner-managers of small businesses. More recently, Carland, Hoy, Boulton, and Carland developed definitions:

Entrepreneur: An entrepreneur is an individual who establishes and manages a business for the principal purpose of profit and growth. The entrepreneur is characterized principally by innovative behaviour and will employ strategic management practices in the business.

Small Business Owner: A small business owner is an individual who establishes and manages a business for the principal purpose of furthering personal goals. The business must be the primary source of income and will consume the majority of one's time and resources. The owner perceives the business as an extension of his or her personality, intricately bound with family needs and desires (1984, pp. 354-359).

Drucker (1985, pp. 21-22), also made a distinction: starting McDonald's was entrepreneurial, but opening a deli is not. As explained by Blatt:

Not every small business is entrepreneurial and not every entrepreneur runs a small business. Some small businesses are run by entrepreneurs and some entrepreneurs run small businesses; they are not mutually exclusive nor mutually inclusive categories (1988, p. 29). Loucks, Meredith, and Ray summarized:

While both are important in the development process, small business founders tend to divide an existing economic pie into smaller pieces, while innovative entrepreneurs expand

the size of the economic pie (1991, p. 510).

The anthropological perspective, however, does not distinguish between entrepreneurs and owner-managers of small firms; in anthropology, entrepreneurs are defined operationally as owners and operators of business enterprises (Greenfield & Strickon, 1981).

Frederik Barth was a Norwegian anthropologist whose works viewed the entrepreneur as an individual whose activity has an impact on a community, causing social changes therein. Barth (1963) explained that entrepreneurship often involves the relationship of persons and institutions in one society with those of another economically more advanced one. He then described the entrepreneur as being an essential broker in this situation of contacts between cultures.

Barth's (1967) model was based on the individual entrepreneur, his alternatives, his choice, and variation. Although he did not attempt to develop a model to analyze how entrepreneurial activity affects the community in which it occurs, Barth's model explained that entrepreneurs are active in the transformation of society (1967, p. 644).

Traditionally, the wealth of an Inuit family was determined by its dogs, because a good dog team meant successful hunting, hence food and survival. The invention and commercialization of the snowmobile eliminated the need for dog teams; hence Mr. Joseph-Armand Bombardier, by inventing the snowmobile, was an entrepreneur in the Barthian sense.

Although Barth's perspective was most appropriate for a study of entrepreneurs in northern Norway three decades ago, Barthian entrepreneurs are less relevant to a developed, modern community such as the one studied here.

Barth (1969) explained that as long as there exists a marked difference in behavior, then the ethnic group persists as a significant unit. He also discussed the traditional definition of an ethnic group which was generally understood in anthropological literature as referring to a population which:

1. is largely biologically self-perpetuating;
2. shares fundamental cultural values, realized in overt unity in cultural forms;
3. makes up a field of communication and interaction;
4. has a membership which identifies itself, and is identified by others, as constituting a category distinguishable from other categories of the same order (1969, p. 10-11).

He then elaborated that there were flaws in this definition: "Most critically, it allows us to assume that boundary maintenance is unproblematical (p. 11)." Hence, questioning the discrete views of ethnicity, he concentrated instead on social boundary processes.

In this study, as will be shown, Eskimos and non-natives have different attitudes towards entrepreneurship; nevertheless, it would be incorrect to state that either ethnic group is economically more advanced than the other, and entrepreneurs in the study area are not transforming the society there.

The Hagenian Displacee

According to Hagen (1962, p. 185), the basic cause of entrepreneurial change "is the perception on the part of the members of some social group that their purpose and values in life are not respected by groups in the society whom they respect and whose esteem they value (p. 185)." Hagen continued to explain the importance of having intrinsic satisfaction from one's status and occupation. "The satisfaction derived by an individual from his activity in life depends in part on the status associated with it (p. 185)." He also noted that "great traders are often aliens—Chinese, Indians, persons from the Near East, Jews, etc. (p. 60)." He explained their entrepreneurial activity in terms of a subdominant group seeking to overcome social grievance via achievement in the economic realm. In each case, Hagen believed that the marginal group had a sense of separateness from the rest of the host society. Aware of

oppression and/or deprivation, the entrepreneurs from marginal groups construct their own adaptive mechanism through entrepreneurship. "The channel in which creative energies will flow depends in part on the degree to which other possible channels are blocked (p. 241)." Hence, minorities would find compensation for diminished social status in entrepreneurial achievement. Hagen's approach is thus consistent with McClelland's notion that "n-ach" and social status can be reached through entrepreneurship. For Hagen, marginality is the source of entrepreneurial energy.

Hagen elaborated, "It is specifically the social recognition accorded to economic prowess that is favorable to economic progress (p. 241)." He noticed that the Puritan ethic was prevalent among Antioquenos in Columbia. Seeing their propensity for entrepreneurship, he traced this partly to their history and social status. Their ancestors were people of Basque provinces who had been looked down upon. Entrepreneurship, in contrast, could, and often did provide social recognition.

Furthermore, Hagen found a causal link between entrepreneurship and withdrawal of status respect. This is supported by Geertz (1963), presenting a case study comparing an Islamic bazaar economy of Islamic Java with a firm-type economy controlled by displaced Hinduized aristocracy in Bali. The entrepreneurial spirit of the obsolete aristocracy was traced to the withdrawal of their political status. In other words, simple lack of status does not lead to entrepreneurship; otherwise women and children would be the entrepreneurs of the world, along with native people, aboriginal groups, unemployed people, and other marginals. Instead, it is specifically withdrawal of status respect, resulting in a loss of prestige, which in turn triggers an entrepreneurial response.

Along the same lines, Young (1971) found that entrepreneurship occurs when a group has a low status, and has been denied access to mainstream society but still has more resources than other marginal groups. Shapero (1975) generalized that most entrepreneurs are displaced persons who have been dislodged from their familiar niche.

Shapero and Sokol (1982) found that refugees are more likely to start new ventures in their host societies than they would in their countries of origin. This suggests that in times of transition, individuals may become entrepreneurs, although entrepreneurship was not originally their intended goal. To Shapero (1984), the entrepreneurial event is innovative, the result of one's decision to change one's life path, and to start a new business. Often, this is prompted by negative forces, such as frustration or the loss of a job. Changing country of residence may sometimes be the cause of such displacement.

Aldrich, Jones, and McEvoy (1984, p. 193) stated that the will to succeed is reinforced by exclusion from other possible outlets for talent and energy. "Discrimination by majority society restricts access to political power and social status, so group members turn to the business sphere as a means of furthering personal ambitions." However, they do not agree that self-employment changes the marginal status of the ethnic entrepreneur. According to them, he simply moves horizontally from marginal worker to marginal proprietor.

Brenner (1987) analyzed specific cases, noting that entrepreneurship is often a way to fight adverse circumstances. He suggested that innovation does not rise randomly, but as a result of a perception by the innovators that they have an unequal position relative to some key reference group. Entrepreneurship is thus sometimes an adaptive-response behavior to marginality. It may also be a means to social integration when other paths are closed.

Ladbury (1984) provided further empirical evidence to support this approach. Ladbury found that Turkish Cypriots became entrepreneurs as a function of marginalization. Min (1984) also found such disadvantage to be a motivating factor of entrepreneurship, in a study of Korean immigrants. Min (1986-7) elaborated on the same theme, explaining that his Korean sample was more entrepreneurial than his Filipino sample because the Koreans perceived disadvantages to a greater degree.

In summary, while Weber saw entrepreneurship as something desirable to which some

cultures were predisposed, Hagen saw entrepreneurship almost as a consolation for marginal cultures in the absence of being accepted into society at large. Yet, Hagen's model has been argued to have major flaws (Kasdan, 1965). Weaknesses of this approach include the fact that Hagen does not explain the case where the marginals are not entrepreneurs of a society. In Argentina, for example, the Mendocinos are the dominant entrepreneurs. Yet they are not marginal; they are the elite. Furthermore, at times the minority is not entrepreneurial. Jenkins (1984) pointed out that in Northern Ireland it is the majority Protestants who dominate the entrepreneurship sector. Hagen's approach does not explain such cases.

The Kirznerian Identifier of Existing Opportunity for Profit

In economics, traditional theory assumed that markets move toward equilibrium and it is entrepreneurs who cause a disequilibrium when they innovate and create profit opportunities. According to this classical school of thought, the profit opportunities created by entrepreneurs are the cause of the disequilibrium, and it is this that improves the incomes of all affected.

In contrast, to Kirzner (1973), it is not the entrepreneur who causes a disequilibrium. To him, entrepreneurship has to do with the identification of market opportunities. The entrepreneur is the one who correctly anticipates where the next imperfection will be. Entrepreneurship thus corrects socio-economic "waste" or inefficiencies.

Kirzner explained that entrepreneurship is unlikely to come from the government or planned sector, because even when there is innovation, entrepreneurship will depend on profit motive. He thus equated profits with arbitrage. He discussed the entrepreneur in the context of opportunities, alertness, and economic processes. He did so using the approach of the Austrian school of economics. Unlike the Schumpeterian entrepreneur who innovates and thus disturbs an equilibrium by introducing something new into the marketplace, according to Kirzner the entrepreneur profits from alertness in existing disequilibrium, i.e., market imperfections give the entrepreneur something to do. Rather than limiting entrepreneurship to the innovator, Kirzner sees that an imitator can also profit from disequilibrium.

Whereas the Schumpeterian innovator creates opportunity, the Kirznerian identifier reacts to an existing opportunity for profit. While the Hagenian displacee reacts to displacement, self-employment of the Kirznerian identifier is a reaction to an existing opportunity for profit.

The Town

Although inaccessible by road or rail, the town has been the economic and political hub of northwestern Alaska since the turn of the century. It is the principal commercial center and supply post for fourteen Eskimo villages on the Bering Strait and for nearby districts as well.

The 1995 population estimate for the town is 4,500; 54 percent of these are Eskimo. Twelve hundred students are enrolled in the public schools. Although three native languages are spoken, English is also becoming widely spoken, especially by the young generation.

Not unlike numerous other small towns, the number of small businesses in the town today is far fewer than there were at the turn of the century. There were at least 14 restaurants in the town; now, there are seven. There were at least 25 saloons; now, there are nine bars. Shoemakers, tailors, theaters, meat markets, lodging houses, dance halls, harness makers, blacksmiths, and ice dealers have all disappeared. Large supermarkets are replacing the small shops. Virtually all the early businesses in the town were established by non-natives.

The town has 14 churches, two libraries, one museum, and one public television channel. There is also one bank and a credit union that also provides some financial services. The hospital has 19 beds and employs five doctors. There are also two dental clinics as well as an outpatient clinic and a veterinary hospital.

The town has only a local gravel road network, no ground links with the lower 48 states

nor with Canada. No bus service exists in the region. Local truck service is available. Airline passenger service to Anchorage and beyond is available. They also have air service to Siberia (Russia) and an air cargo company provides transportation by a fleet of four-engined Douglas DC-6 freighters.

Of the existing small firms in the town, numerous enterprises are not owned by entrepreneurs. Instead of belonging to owner-managers, many small enterprises have as proprietors native corporations. A rental care company for example, is a small business owned and managed by a native corporation, which also owns and rents apartments. Another corporation also deals in apartment rentals as well as owning and managing a local gas station and a small country store. The high level of activity of native corporations in the small business sector is a viable explanation for why the incidence rate of entrepreneurship is depressed.

CONCEPTUAL FRAMEWORK: OPPORTUNITY SEEKERS AND REACTIVE ENTREPRENEURS

As evident from the literature review, much of the existing theoretical literature on entrepreneurship focuses on individuals who are opportunity seekers, attracted to entrepreneurial activity. The traditional entrepreneur, the cultural entrepreneur, the Barthian agent of social change, and the personality-determined achiever are attracted to entrepreneurship. It may be said, then, that they are opportunity seekers.

Others, in contrast, i.e., the Hagenian displacees, are pushed to self-employment by adverse circumstances such as losing a job. Their self-employment is reactive, in response to negative circumstance. Yet others become entrepreneurs upon stumbling on existing opportunities for profit. They may be described as reacting to opportunity. Different entrepreneurs support different theories of entrepreneurship.

Exhibit 2

Distribution of Respondents

Type of Entrepreneurship	Category of Entrepreneur	Non-Native Males	Non-Native Females	Eskimo Males	Eskimo Females	Total
Opportunity Seeking	Traditional Self-Employed	3 (9.7%)	2 (10.5%)	0	0	5
Opportunity Seeking	Cultural Entrepreneur	2 (6.4%)	3 (15.8%)	0	0	5
Opportunity Seeking	Personality-Determined Achiever	5 (16.1%)	1 (5.3%)	0	1 (50%)	7
Opportunity Seeking	Barthian Agent	0	1 (5.3%)	0	0	1
Reactive	Hagenian Displacee	5 (16.1%)	2 (10.5%)	0	0	7
Reactive	Kirznerian Identifier	16 (51.7%)	10 (52.6%)	12 (100%)	1 (50%)	39
	Total	31 (100%)	19 (100%)	12 (100%)	2 (100%)	64

Jenkes (1944) pointed out that the very essence of entrepreneurship is in the perception of a situation as a broader opportunity. Empirical evidence, summarized in Exhibit II, however, shows that the majority of the entrepreneurs in the study were not actively seeking opportunity.¹ Furthermore, empirical findings show that Eskimo respondents tend to seek for and respond to opportunity even less than do their non-native counterparts.

ANALYSIS

As shown in Exhibit II, Eskimos in the town have a lower tendency to become entrepreneurs than do non-natives. Although the Eskimos make up the majority of the population, only 21.9 percent of the entrepreneurs are Eskimos. Furthermore, only 7.1 percent of the Eskimo respondents claimed to have actively sought opportunity for profit. Among those who actively sought profit opportunities, 94.4 percent are non-natives. Only 1.6 percent of the sample consisted of opportunity-seeking Eskimos, while 98.4 percent were either non-native or Eskimos who passively identified an existing opportunity for entrepreneurship.

These differences between ethnocultural groups suggest that opportunity identification and/or response to opportunity is culture-bound. The above is significant because it suggests that entrepreneurship should not be defined on the basis of opportunity, but rather cultural perception of opportunity should be considered.

Classic works by Kirzner (1973), Stevenson (1983), and others provide a theory that is appropriate for understanding entrepreneurship in industrial societies. However, Eskimos in the town appear to perceive the concept of opportunity differently, and although opportunity is present, culture may obscure its recognition. Thus, entrepreneurship among Eskimos should not be viewed as a function of opportunity; traditional literature is less useful in such a context because of differences in perception and reaction. The opportunity concept, therefore, cannot be transported across cultures, and government policy should be sensitive to this.

At present, the United States Small Business Administration (SBA) assists existing entrepreneurs in expanding their enterprises. The SBA also helps individuals who identify themselves as entrepreneurs seeking opportunity. Entrepreneurs who seek opportunity often seek advice and guidance from SBA.

However, empirical findings show that Eskimos in Alaska tend to seek for and respond to opportunity less than do their non-native counterparts. Most Eskimos do not even bother to approach SBA.

It would be beneficial for the economy to increase the number of entrepreneurs, including indigenous entrepreneurs, but the numerous existing new venture programs for existing entrepreneurs are unlikely to be the long-term remedy for native peoples, as these programs are not fostering an entrepreneurial spirit among non-entrepreneurship-oriented cultures. Perhaps a prerequisite should be entrepreneurial spirit development programs to teach the values that lead to entrepreneurial success. This might increase the number of persons attracted to entrepreneurial activity. Thus, rather than relying so heavily on reactive entrepreneurship, government policy might attempt to foster an entrepreneurial spirit.

This may result in there being more opportunity seekers, which may yield better results than reactive entrepreneurship. Describing reactive-style entrepreneurship as bounded, Ray suggested that it is not ideal:

Bounded entrepreneurship occurs when an individual becomes an entrepreneur less by choice than by life circumstances, and when entrepreneurial decisions are circumscribed by family, government or other environmental factors. Bounded entrepreneurs are unlikely to exhibit the creativity, innovation and enthusiasm that entrepreneurs typically possess (1993,

1. Descriptions of entrepreneurs contained in this paper as accepted by the editor, Frank Hoy, were deleted from the manuscript in order to protect their identity.

Exhibit 3

Distribution

Type of Entrepreneurship	Category of Entrepreneur	Primary Industry (e.g., panning for gold)	Production (e.g., manufacturing)	Wholesale /Retail Trade (e.g., shop)	Service (e.g., hotel)	Total
Opportunity Seeking	Traditional Self-Employed	5	0	0	0	5
Opportunity Seeking	Cultural Entrepreneur	0	0	0	5	5
Opportunity Seeking	Personality Determined Achiever	0	0	1	6	7
Opportunity Seeking	Barthian Agent	0	1	0	0	1
Reactive	Hagenian Displacee	1	0	1	5	7
Reactive	Kirznerian Identifier	10	3	5	21	39
	Total	16	4	7	37	64

* *Entrepreneurs involved in multiple ventures are classified according to primary activity.*

p. 91).

Another observation of interest is that in the mainland U.S., minority entrepreneurs are heavily represented in retail trade. In contrast, very few entrepreneurs in this study are involved in the commercial sector, including wholesale as well as retail, as shown in Exhibit III.

CONCLUSION

To be consistent with McClelland's (1961) definition, this study has purposely excluded native corporations; given the Eskimo preference for a communal form of organization, the incidence of entrepreneurship in the town is low. This is especially so among Eskimos, but the low rate of participation in business by Eskimos is perhaps not surprising, given the traditional values of these people, working collectively and sharing collectively, while disliking the concept of competition. Yet, many native people fish and hunt, thereby contributing to their personal needs, without engaging in business, and therefore in the absence of being entrepreneurs.

Nevertheless, this study had as its purpose to focus on business enterprise and to compare existing theories of entrepreneurship with what individual entrepreneurs had to say. All of the male Eskimo respondents relate their entrepreneurial experience to that described in Kirznerian literature. As shown in Exhibit II, responses of non-natives were quite different.

As summarized in Exhibit III, there can be considerable differences among opportunity seekers. The traditional self-employed were clustered in primary industry—in particular, panning for gold. Cultural entrepreneurs (also opportunity seekers) were clustered in the service sector, especially in the restaurant business. In contrast, the only Barthian agent in the town

was in manufacturing.

Eskimo respondents tended to be Kirznerian identifiers and were concentrated in the primary industry, herding in particular. Thus, the primary industry sector is dominated by Eskimos. All other sectors, however, are dominated by persons of non-native backgrounds.

Given the large populations of native peoples in the north, and recognizing that their traditional values do not cause them to seek entrepreneurial opportunity as we know it, future research might further examine what entrepreneurship means to them. Again, the use of ethnographic methodologies would seem most appropriate, in order to record entrepreneurship experiences of native people in their own words, without any cultural bias on the part of the researcher(s). Future research might also attempt to find a means by which more entrepreneurial behavior might become more desirable to the native peoples of the north. Future research could also apply the framework developed here to multiple groups from different ethnocultural milieus and in different host societies.

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