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## **A Cross-Industry Investigation into the Barriers Facing Irish Entrepreneurs During the Recession**

**By Aideen Mulkerrins**



**This thesis is submitted in partial fulfilment of the requirements for  
achieving a Masters in Strategy and Innovation Management**

## **Acknowledgements**

Many people have helped and influenced this research.

I would like to dedicate this thesis to my Grand Aunt Eileen Grehan who has always believed I could achieve great success and was a great sense of encouragement when I did not believe I could succeed. Also in mentioning support, I have to mention my parents and sister and other family members including my Aunt's and Uncle's, who were always full of emotional and financial support.

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## **Abstract**

The objectives of this research are to conduct a thorough investigation into the barriers facing entrepreneurs during the recession.

Ireland has experienced a downturn in the economy since 2008 and many businesses across the country have suffered from the rippling effects.

This investigation will examine previous literature and conduct primary research to construct new literature and add to the existing body of knowledge. The Author interviewed nine Irish entrepreneurs and surveyed thirty Irish entrepreneurs to gain a further insight into the research topic

## Signed Statement

I have read the Galway/Mayo Institute of Technology's code of practice on plagiarism. I hereby certify this material, which I submit for assessment is entirely my own work.

Name: Aideen Mulkerriens.

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# Chapter 1. Introduction

## 1.1 Introduction

*“It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, ...it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us”*

Charles Dickens’ introduction to the *Tale of Two Cities* characterises the effect of the recession where some people question the aftermath and some choose to ponder in what they had before the economic downturn.

## 1.2 Background to the Research

Olsen (1986) stated, “Entrepreneurs are ‘opportunistic decision makers’ who identify and capitalise on opportunities through approaches that emphasise innovation, profitable venture identification, effectiveness, and non- programmed or ambiguous situations”.

The Irish nation have employed an entrepreneurial spirit since the late 1990’s and experienced immense success. There has been extensive research carried out on entrepreneurship and the characteristics and motivations of an entrepreneur. Deakins & Freel (2003) listed 12 core characteristics of an Entrepreneur. These characteristics could be viewed as generic in some circumstances but when viewed in relation to any one specific entrepreneur they could be listed as a personal characteristic.

In establishing a business, entrepreneurs will inevitably face a number of challenges and barriers in their path to success. Barriers to business can be vague and impossible to define. An economically based definition that varies to Fisher (1979) who describes a barrier to entry as

*“Anything that prevents entry when entry is socially beneficial, who generalises all barriers in social terms to prevent entry into the environment”<sup>1</sup>*

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<sup>1</sup> What is a Barrier to entry? <http://userwww.service.emory.edu/~hmialon/B2E.pdf> retrieved on 6th June 2010

These barriers may not be entrepreneur specific and in many circumstances can be experienced by any individual in business. Perceptions of barriers (and opportunities) may vary for each individual by situation and indeed over time. An individual with a definite business opportunity in motion will have researched and explored the possibility of what barriers they may face more carefully than another individual with no opportunity at the present time.

The Researcher intends to identify what barriers entrepreneurs face in achieving their goals to and investigate if the recent economic downturn posed any additional obstacles for them. The Researcher will be including innovative methods being used by entrepreneurs to differentiate themselves from their peers.

A number of Irish based entrepreneurs are currently facing and over coming barriers within their chosen industry and the Researcher plans to investigate the effect of a recession on the barriers.

Having conducted a preliminary literature review, the researcher felt that carrying out research on this topic would be very worthwhile and would contribute significantly to the body of knowledge. The research was completed in the context of an economy undergoing dramatic changes in the business environment.

In highlighting the barriers the entrepreneurs have faced, the Researcher plans to undertake an exploratory view of the barrier and the timeframe they occur in.

## **1.3 The Research Objectives**

### **1.3.1 Primary Objective**

- Conduct a cross-industry investigation into barriers facing entrepreneurs in a recession.

During the late 1990's and early 2000's Ireland experienced a boom in the economy, named by the media as the Celtic Tiger, where starting a new business venture was very popular. The Irish economy entered into recession in late 2008 and it has had a rippling effect across the Irish economy. Irish entrepreneurs will inevitably face barriers during their business experience. The Author would like to investigate if the economic climate has an effect on the barriers the entrepreneurs face.

### **1.3.2 Secondary Objectives**

- Are there certain barriers that are more pronounced during and after a recession?

Entrepreneurs face a number of barriers throughout their business life cycle. During an economic downturn those barriers become more intense and can have a bigger impact on their businesses. What are these barriers? In asking this question, the Researcher plans to outline a number of barriers that would not have had such an impact if there were not a flaw in the economy.

- Are there certain industries that face more barriers than others?

Why do these industries experience more obstacles?

Are certain Business environments promoting new business ventures i.e. implementing policies and procedures to help new business start-up's providing them access to resources?

- Interview nine entrepreneurs and survey thirty entrepreneurs with a questionnaire to establish their theories on the research subject.

### **1.4 Research Methodologies**

The research methodology, which was used for this research, began with an extensive literature review of secondary data that included books, journals and newspaper articles. This provided the researcher with a broad base of the knowledge and information already available on the topic and illustrated the range of conflicting arguments and opinions, which exist on the topic, and it therefore highlighted the importance of the research. The research was based on the research process that was designed by Emroy & Cooper (1995).

The primary research was conducted using methodology comprising of qualitative and quantitative research. The Primary data collection methods used to collect data for this study was face-to-face interviews, alongside a questionnaire distributed to thirty Irish entrepreneurs. These methods were used to gain a full insight into the

research topic and to achieve the research objectives. A detailed explanation of the research methodology used can be found in chapter 3.

## **1.5 Overview of Chapters**

**Chapter One:** Present the background of the research and introduce the research objectives

**Chapter Two:** This chapter explores the vast literature available on the research topic. A large amount of this literature may not be relevant to the specific aspects of the research topic.

**Chapter Three:** The research design is chosen upon which the Author will guide the research on. The research methodology is based on the 6 steps framework by Emroy & Cooper (1995).

**Chapter Four:** The accumulated findings of the primary research carried out by the Author are compiled in this chapter.

**Chapter Five:** The findings of the research are presented in relation to the objectives.

## **1.6 Summary of the Findings**

To summarise the findings of the research, the Researcher concludes that in carrying out the cross-industry investigation that there are a number of barriers that intensify during a recession. The emphasis of the barriers still remain on finance but also focus on communication skills of the entrepreneur in negotiating with supplies and developing relationships with their customers or clients. No industries are safe from barriers occurring and in certain ways this generalises entrepreneurs into one category not depending on the industry.

## **1.7 Conclusions**

After completing the research the Researcher concluded that there was little relevant literature focusing on the specific timeframe of during a recession. In accordance with this, the Researcher carried out primary research to unearth relevant information to focus the research on. The Researcher came to the conclusion that during a recession a number of barriers are extremely intensified and become a challenge for entrepreneurs to have to overcome.

## **Chapter 2. Literature Review**

### **2.1 Introduction**

This chapter will examine all the relevant literature with each element of the research objective in mind. The Researcher had extensive literature to explore however; to a large extent the existing literature explored only certain aspects that were relevant to the specific research topic. The topics under review occur in logical order in accordance with the research objective and the researcher chose all authors and studies referenced in accordance to their relevance to the research topic.

### **2.2 Entrepreneurship**

A definition of an entrepreneur is *“someone who is willing to assume the responsibility, risk and rewards of starting and operating a business”*<sup>2</sup>. Low & MacMillan (1988) suggest that entrepreneurship be defined as “the creation of new enterprise”. This generation’s era has been characterised as one where entrepreneurship was encouraged and where many flourished in their chosen field. Entrepreneurs were viewed as those individuals that chose to carve their own path and define what they wanted to do and more importantly how they want to achieve their goals.

A relatively large body of international literature exists on various aspects of entrepreneurship. Research into the topic of entrepreneurship has exploded over the past twenty years. For the Author the research carried out by Low & MacMillan (1988) was relevant to the research process when focusing on entrepreneurship as the topic is very broad, meaning then research topic has to be clearly defined to a particular aspect of the entrepreneurial process. In 1988, Low & MacMillan published a review of developments in entrepreneurship research and identified challenges for the future, (Low & MacMillan, 1988). Low & MacMillan divided their review of entrepreneurship research according to six design specifications; the purpose of the research; the choice of theoretical perspective; the focus of the phenomena to be investigated; the level or levels of analysis; and, the methodologies used.

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<sup>2</sup> <http://www.cfdccariboo.com/glossary.htm> retrieved on June 12th 2010

Jean-Baptiste Say, a French economist is believed to have coined the word "*entrepreneur*" first in about 1800. He said an entrepreneur is "*one who undertakes an enterprise, especially a contractor, acting as intermediary between capital and labour*". Entrepreneur in English is a term applied to the type of personality who is willing to take upon herself or himself a new venture or enterprise and accepts full responsibility for the outcome.

A Commission survey carried out in 2006, explored the factors of business success:

- Experience helps, i.e. having worked in the branch or run an enterprise, but is not essential. So this is good news for all first time undertakers, and newness should not represent an impediment for women.
- The younger the entrepreneur, the faster the enterprise grows in size. Let's take action early on, so that neither men nor women have to choose between family and career later on in their lives.
- The main perceived start-up difficulties are 'contacts with customers' and 'administrative problems'. In both areas, policies in general and, more specifically, regional policy can help.
- The degree to which entrepreneurs consider their enterprises innovative increases with their educational level. This suggests a possible positive correlation, provided that self-perception is not deceptive: in policy terms, higher educational attainment should generate more innovative firms.<sup>3</sup>

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<sup>3</sup> "Gender equality in cohesion policy 2007 – 2013: a critical element for success!  
<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/07/671&format=HTML&aged=1&language=EN&guiLanguage=en> retrieved November 2010

## 2.2.1 Characteristics of Entrepreneurs

The majority of the previous literature on entrepreneur focuses on their personality characteristics and traits. It is frequently reported that entrepreneurs are seen by many to possess common personality traits (Kirby, 2003). There have been various studies researching the common background characteristics of entrepreneurs, and the majority of them do not feature similar characteristics. Gibb (1990) identifies 12 primary traits; Hornaday (1982) lists over 40 traits associated with entrepreneurs.

Deakins & Freel (2003) listed 12 core characteristics of an Entrepreneur.

**Table 2.1** Characteristics of an Entrepreneur

Ability to Spot an Opportunity	Intelligence
Capacity to Inspire	Leadership
Commitment	Locus of Control
Creativity	Motivation
Individualistic	Organisational skills
Innovator	Risk Taker

*Source: Deakins and Freel, 2003, Entrepreneurship & Small Firms, Most Desirable Characteristics*

One theorist focused on the characteristics of Irelands leading entrepreneurs, O'Farrel (1986) carried detail account of these common characteristics. Some include need for achievement, risk taker, need for autonomy etc. The characteristics of an entrepreneur can sometimes determine their success in over coming any obstacles.

However, some people may have all such characteristics but may never have the opportunity to exploit these traits. Delmar (2000) argues "the individual characteristics leading to an entrepreneurial career are only activated when exposed to a favourable socialisation process, where an entrepreneurial career is seen as a variable possibility among others". Delmar's argument is explanatory of a situation occurrence of the characteristic coming to the surface of the entrepreneur when they are faced with an opportunity to begin their business.

Entrepreneurship has become increasingly popular across the world and Ireland has been a major success story.

### **2.3 Irish Entrepreneurs**

Approximately 80,000 people in Ireland were involved in starting a business between January 2003 and June 2006. This is nearly 3 in every 100 adults in the country (1:35)<sup>4</sup>. The Irish nation employed an entrepreneurial attitude of “can do” in the late 1990’s and early 2000’s. At the heart of the entrepreneurial process in the innovative spirit.

According to the Global Entrepreneurship Monitor (GEM) Report 2008, Ireland was still an entrepreneurial nation and there had been no dramatic decrease in the number of entrepreneurial activities. However in contrast there was a decrease in those actively planning new business ventures in 2008 from 2.2% to 4.6% in 2007 (GEM Report 2008)<sup>5</sup>. There have been GEM reports constructed since 2000, the results are widely used across the board for many reasons e.g. in compiling reports, constructing new policies and procedures among other reasons.

The perception of the Irish population towards entrepreneurs has over the past decade dramatically changed to 80% of the population holding entrepreneurs in high esteem.<sup>6</sup> Entrepreneurs need to find a niche in their product offering and exploit this niche to gain them full advantage in their chosen market. Once a niche is defined, and the brand has become recognised, providers can charge a high premium.

The typical Irish entrepreneur according to the GEM Report 2008 is male (11.2% of early stage Irish entrepreneurs) and aged between 35–44 (9.8% of Irish entrepreneurs). These statistics reflect the gender differences still in the Irish entrepreneurial culture. Irish men are almost 3 times more likely than Irish females to become active entrepreneurs.

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<sup>4</sup> Global Entrepreneurship Monitor, (2006), Global Entrepreneurship Monitor 2006: The Irish Report <http://www.gemconsortium.org/download/1283097387800/GEMREP05>: PDF retrieved 10<sup>th</sup> June 2010

<sup>5</sup> Global Entrepreneurship Monitor, (2008), Global Entrepreneurship Monitor 2008: The Irish Report <http://www.gemconsortium.org/download/1283098178503/GEMREP08>: PDF retrieved 10<sup>th</sup> June 2010

<sup>6</sup> Global Entrepreneurship Monitor, (2008), Global Entrepreneurship Monitor 2008: The Irish Report <http://www.gemconsortium.org/download/1283098178503/GEMREP08>:PDF retrieved 10<sup>th</sup> June 2010



**Table 2.2** Irelands Early Stage Entrepreneurial Activity by Gender 2004 - 2008<sup>7</sup>

<i>Year</i>	<i>Early Stage Entrepreneurs</i>	<i>Men Early Stage Entrepreneurs</i>	<i>Women Early Stage Entrepreneurs</i>	<i>Rates as Ratios (Men/Women)</i>
2008	7.6%	11.2%	4.0%	2.8
2007	8.2%	10.6%	5.9%	1.8
2006	7.4%	10.5%	4.2%	2.5
2005	9.8%	14.2%	5.5%	2.6
2004	7.7%	10.4%	5.0%	2.1

*Source: GEM Report 2008*

The differences displayed in the table above represent the rate at which men and women became early stage entrepreneurs in Ireland over the five years from 2004 – 2008. Historically, entrepreneurship has been a male dominated pursuit, but many of today’s most memorable and inspirational entrepreneurs are women. This was reflected in 2006 when Ann Heraty was nominated and won Irish Ernst & Young Award, which is given to outstanding entrepreneurs who have achieved great success in their industries.

Irish entrepreneurs have become extremely successful over the past two decades. Some of the successful Irish entrepreneurs include Pat McDonagh, Arthur Guinness (1725 – 1803) and Tony Ryan (1936 – 2007). These 3 entrepreneurs’ are not just successful in Ireland but they have become known worldwide as a result of their entrepreneurial success.

## **2.4 Government Support for Irish Entrepreneurs**

When exploring previous research and studies on the Irish entrepreneur it is purposeful to include literature on Government support. Over the years the Irish Government had positive influences on developing an entrepreneurial culture where entrepreneur would prosper with their help. A number of entrepreneurs stated they

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<sup>7</sup> Global Entrepreneurship Monitor, (2008), Global Entrepreneurship Monitor 2008: The Irish Report <http://www.gemconsortium.org/download/1283098178503/GEMRFP08:PDF> retrieved 10th June 2010

received “high priority accorded by Government to support entrepreneurship, the low fiscal regime for new and growing firms and the fairness with which taxes and other Government regulations are applied.”<sup>8</sup> In contrast, recent studies have revealed a negative attitude toward the Irish Government from Irish entrepreneurs, “Irish key informants were negative in terms of their views of the burden of Government bureaucracy, the treatment of new firms in terms of Government procurement and the relative speed of obtaining the required permits and licenses.”<sup>9</sup>

The Irish Government has created an economy and culture that encouraged entrepreneurship. After the recession in Ireland in the 1980’s, as a result of heavy state investment, along with sturdy wage restraint, Ireland began to realise its advantage in a competitively priced well-educated English-speaking workforce. The strong work force along with other Government incentives ensured Ireland prospered out of a recession and into the “Celtic Tiger” era.

## **2.5 Male V’s Female Entrepreneur**

There is vast amount of literature exploring the different aspects of the entrepreneur and in the majority of this literature it is generally assumed that the entrepreneur is male. There is a distinct gender imbalance between male and female entrepreneurs and not just in Europe. Women only make up 30% of the population of entrepreneurs in Europe.

Historically and traditionally, women have been confined to the private sphere of domesticity, and hence have been denied access to the requisite resources for entrepreneurial entry--access to capital, business and technical education, and prior management experience.<sup>10</sup>

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<sup>8</sup> Global Entrepreneurship Monitor, (2008), Global Entrepreneurship Monitor 2008: The Irish Report <http://www.gemconsortium.org/download/1283098178503/GEMREP08>: PDF

<sup>9</sup> Global Entrepreneurship Monitor, (2006), Global Entrepreneurship Monitor 2006: The Irish Report <http://www.gemconsortium.org/download/1283098178503/GEMREP08>: PDF

<sup>10</sup> Against All Odds: The Entrepreneurship of Women, Lois A. Stevenson [http://www.questia.com/googleScholar.qst;jsessionid=0D12C5A540B2654A55C2FDC69A833892.inst2\\_2a?docId=5001687013](http://www.questia.com/googleScholar.qst;jsessionid=0D12C5A540B2654A55C2FDC69A833892.inst2_2a?docId=5001687013) retrieved November 2010

While many businesses operated by women entrepreneurs are in traditionally female dominated occupations, women are also broadening their participation in non-traditional fields.

Because of the scarcity of women entrepreneurs until relatively recently, information and knowledge about women as business owners or entrepreneurs has been limited until the past ten to twenty years.

A study was conducted in 1997 to investigate four important issues regarding female entrepreneurship: (1) What motivational influences affect former managerial or professional women's entrepreneurial decisions; (2) What role family concerns play in these former corporate women's entrepreneurial motivation; (3) How these female entrepreneurs measure success in their ventures; and (4) Whether the women's entrepreneurial motivation is related to the ways they measure success in their own businesses.<sup>11</sup>

The results of further research into female entrepreneurship could help women who seek greater self-awareness about their motivation and its influence on their personal and professional success. This awareness would help female's integrate the work and personal proportions of their lives and enter into life as an entrepreneur.

One of the primary differences between male and female entrepreneurs is the difference in their motivation to become entrepreneur. Certain research has found that men start their businesses primarily as a result of a "pull" factor such as the need to work independently, to have total control over their business, and to many the most important factor, the possibility to earn more money and to keep the profits. The male entrepreneur's are less motivated by the "push" factors such as job frustration, limited higher employment opportunities etc.

In a study of women's entrepreneurial motivation, Hisrich (1986) research found the most common motivations were "push" factors such as job dissatisfaction/ frustration,

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<sup>11</sup> Women's organisational exodus to entrepreneurship: self-reported motivations and correlates with success, Buttner et al <http://www.questia.com/googleScholar.gst?docId=5001516709>  
Retrieved November 2010

lack of challenge in current job etc. "Pull" factors had less of an influence on female entrepreneurs.

In recent years, substantial attention has been paid to the "glass ceiling" - the seemingly impassable barrier that prevents female managers from moving higher in the company. Consistent with the research of Hisrich (1986), these experienced women who leave the large organization to become entrepreneurs may be leaving their corporate positions due to the glass ceiling, in effect an organizational push motivator.<sup>12</sup>

Therefore, "push" factors may be a more important influence for women than for men.

Gender balance has been addressed in many different institutes and across the world as more and more people is becoming aware of the importance of the female entrepreneur contribution to the economy. Daunt Huber, European Commissioner responsible for Regional Policy, addressed the issue of gender equality at a conference in Stockholm in October 2006, discussing the new "Gender equality in Cohesion Policy 2007-2013" to an established audience.

In the opening statement of the conference, Huber stated her unhappiness and concern that there is a need for such a policy when the female contribution to entrepreneurship is vital to the success of every economy,

*"I thank you only half-heartedly. In a certain way it is strange that we still need to have such a conference on gender equality. In my view, debating this topic is only a symptom of the underlying ailment of our societies. And it is in that sense that I actually regret that we all have to be here today; only to discuss what should be obvious. I sincerely hope that gender conferences will become obsolete at some point, although this might well be decades from now."* Daunt Huber, 2006.

A Commission survey carried out in 2006 also explored the prospect of gender equality. The survey questioned, "Do enterprises fair better in the hands of men and

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<sup>12</sup>Against All Odds: The Entrepreneurship of Women, Lois A. Stevenson  
[http://www.questia.com/googleScholar.qst;jsessionid=0D12C5A540B2654A55C2FDC69A833892.inst2\\_2a?docId=5001687013](http://www.questia.com/googleScholar.qst;jsessionid=0D12C5A540B2654A55C2FDC69A833892.inst2_2a?docId=5001687013) retrieved November 2010

women?" The findings included the differences in the motivations and the choice of sector's preferred by the different genders:

- The most important motivation for starting up an enterprise is 'the desire to be one's own boss', 'the prospect of making more money' and 'the desire for new challenges'. This is true for both genders. Making more money, however, is in many countries - eleven out of fifteen - less important for women than for men.
- Women have a clear penchant for the services sectors. Whereas 'construction' is clearly a male domain (96.1%), women start up their own business in 'hotels and restaurants'. Also "proximity" services such as social assistance, health, diet, other services to persons and retail feature prominently in female preferences. <sup>13</sup>

## 2.6 Barriers to Business

There are a number of definitions for barriers to entry and business, most of those contradict and are rarely comparable depending on the author's background.

Bain (1956, p.3) a barrier to entry

*"Is an advantage of established sellers in an industry over potential entrant sellers, which is reflected in the extent to which established sellers can persistently raise their prices above competitive levels without attracting new firms to enter the industry".<sup>14</sup>*

An economically based definition that varies to Fisher (1979) who describes a barrier to entry as

*"Anything that prevents entry when entry is socially beneficial, who generalises all barriers in social terms to prevent entry into the environment".<sup>15</sup>*

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<sup>13</sup> "Gender equality in Cohesion Policy 2007-2013"

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/07/671&format=HTML&aged=1&language=EN&guiLanguage=en> retrieved on November 2010

<sup>14</sup>What is a Barrier to entry? <http://userwww.service.emory.edu/~lmialon/B2E.pdf> retrieved on 6th June 2010

Entrepreneurs will inevitably face a range of barriers or challenges during their business life cycle. These barriers may not be entrepreneur specific and in many circumstances can be experienced by any individual in business. Perceptions of barriers (and opportunities) may vary for each individual by situation and indeed over time. An individual with a definite business opportunity in motion will have researched and explored the possibility of what barriers they may face more carefully than another individual with no opportunity at the present time. The latter may be unaware of some business barriers or imagine non-existent ones (Krueger and Brazeal, 1994). AN entrepreneur may believe he is not taking any risk whereas a nonentrpreneur may perceive that all ventures may be risky (Shaver and Scott, 1991).

Barriers can vary and are not always industry specific. Barriers to entrepreneurship are not the domains of any one area of the population in consideration. The range of barriers can include socio-cultural, psychological, political and economical factors. Barriers and challenges to entrepreneurs may be vague or difficult to define (Gnyawali & Fogel, 1994) and may not always occur in sequential order and in some circumstances vary in intensity and range from absolute to minor (MacMillan, Block and Narasimha, 1986)

The previous studies exploring barriers to entrepreneurship listed specific barriers e.g.

- Irish experts surveyed in GEM Report 2008 highlighted a lack of seed capital as a problem, “problems in securing relatively small amounts of money is compounded by amount of paperwork involved”<sup>16</sup>
- GEM Report 2008 listed Government policies and agencies as another inhibitor, “there was a poor understanding of entrepreneurship among the policymakers and the agencies delivering the programmes”<sup>17</sup>
- 38% of the Irish adult population feared business failure; this was increasingly acting as an inhibitor to entrepreneurship in Ireland.<sup>18</sup>

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<sup>15</sup> What is a Barrier to entry? <http://userwww.service.emory.edu/~hmiaton/B2E.pdf> retrieved on 6th June 2010

<sup>16</sup> Global Entrepreneurship Monitor, (2008), Global Entrepreneurship Monitor 2008: The Irish Report <http://www.gemconsortium.org/download/1283098178503/GEMREP08:PDF> Retrieved 10<sup>th</sup> June 2010

<sup>17</sup> Global Entrepreneurship Monitor, (2008), Global Entrepreneurship Monitor 2008: The Irish Report <http://www.gemconsortium.org/download/1283098178503/GEMREP08:PDF> Retrieved 10<sup>th</sup> June 2010

<sup>18</sup> Global Entrepreneurship Monitor, (2008), Global Entrepreneurship Monitor 2008: The Irish Report <http://www.gemconsortium.org/download/1283098178503/GEMREP08:PDF> retrieved 10th June 2010

The mentioned barriers are perceived as the normal in many industries across Ireland and are not specific to one industry. The most frequently mentioned barriers are accessing finance, Government policies, gender, age, etc. The primary factor that poses a significant challenge or barrier to entrepreneurs is the issue in accessing finance at various stages in the business life cycle. This prominent barrier is without doubt the most talked about in discussing entrepreneurship and business as a whole. Before the recent economic downturn, there were various different sources of finance and different options available to entrepreneurs including loans, overdrafts leasing etc. as shown in Table 2.3.

**Table 2.3** Financing methods of European SME's, in percent

	<b>Overdraft</b>	<b>Leasing</b>	<b>Factoring Institutions</b>	<b>Equity held by individual</b>	<b>Loans</b>	
<b>Austria</b>	37	32	4	1	1	70
<i>Belgium</i>	50	23	3	8	11	58
<i>Denmark</i>	72	19	5	5	7	33
<i>France</i>	42	33	21	7	4	55
<i>Germany</i>	55	49	2	1	0	66
<i>Greece</i>	40	23	6	3	5	67
<i>Ireland</i>	78	45	7	7	5	43
<i>Italy</i>	86	29	24	6	4	28
<i>Luxembourg</i>	36	18	6	12	6	40
<i>Netherlands</i>	81	29	2	6	17	49
<i>Portugal</i>	20	3	0	14	14	45
<i>Spain</i>	11	42	8	8	5	52
<i>Sweden</i>	9	26	2	2	3	63
<i>UK</i>	71	47	6	9	6	45
<b>Average</b>	54	35	10	5	5	49

Source: Grant Thornton, 1996

Barriers to entrepreneurship can stifle innovation and have disastrous effects on a business. Barriers may occur at many stages in the business life cycle. This research will include all barriers that entrepreneurs face at any stage of the business life cycle. When examining barriers to business the primary barriers featured are the barriers to entry.



### **2.6.1. Barriers to entry**

The study of barriers to entry was first pioneered by Joseph Bain (1956) who concluded that the barriers were created by product differentiation, absolute cost advantage and economies of large-scale proportion.<sup>19</sup> Entry barriers are an advantage that incumbents have relative to new entrants. Porter (2008)<sup>20</sup> lists seven sources of barriers to entry:

1. Supply-side economies of scale
2. Demand-side benefits of scale
3. Customer switching costs
4. Capital Requirements
5. Incumbency advantages independent of size
6. Unequal access to distribution channels
7. Restrictive Government policy

Barriers to entry are put in place by those businesses first to the market. These companies have the capability to build the barriers through developing a competitive advantage, constructing a loyal customer base and re-affirming a competitive price that will be hard to imitate. Bain 1956 argues that the higher are the barriers to entry the closer the market will be.

Equally important when considering barriers to business are invisible barriers also known as glass barriers. In considering invisible barriers the reoccurring issues have been in relation to Government bias to different sectors. The varying attitude of the Government in deciding in which sector require support and in determining what type of business i.e. small, medium, large sized businesses etc. are to avail of the support, leaves the invisible barriers relevant to certain businesses only.

In exploring current literature with regards to barriers to entrepreneurs, there are a number of issues repeatedly covered. One of which, being the importance of distinguishing perceived barriers to actual barriers facing the entrepreneur. At the first stage of business development perceived barriers may have a negative impact on their early stage success rate. The importance of analysing the impact of perceived barriers the entrepreneur may face will have big impact on early stage success.

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<sup>19</sup> Bain, J, (1956), "Barriers to New Competition", Cambridge

<sup>20</sup> Porter, M, E, (2008), On Competitive – Updated and Extended Edition, Harvard Business School Publishing Corporation, p.9-12

In examining previous literature an important factor to consider in beginning the research is if there is a pattern in the sequence or combination that barriers occur in. Venture age is important contingency variable in considering the barriers the business may face or has overcome. The timeline of the business beginning is also important variable in considering the barriers they have faced.

Entrepreneurs have a number of resources to help them overcome the barriers. One of which is creating a strategy to develop customer loyalty and competitor advantage.

## **2.7 Celtic Tiger**

Ireland had the fastest growing economy in the world in the last years of the 20<sup>th</sup> century.<sup>21</sup>

The term “Celtic Tiger” is widely recognised as symbolising the spectacular performance of the Irish economy throughout the 1990’s. The name “Celtic Tiger” emerged because Irelands rates of growth in recent years have been sustained at levels close to those of the 4 Asian Tigers – South Korea, Taiwan, Hong Kong and Singapore. From 1920’s to 1950’s, Ireland remained closeted behind protectionist barriers. Then they turned 180 degrees and offered practically an open invitation to the companies of the world. Over the 1990’s the Irish economy experienced unparalleled levels of economic growth, saw unemployment levels plummet, inflation levels stabilize and inward investment rise at a substantial rate.

Growth rates of GNP best summarise the Irish case, the “tigerish” performance brought the country from 1 with a per capita GNP two thirds of the average EU in 1987, to one which exceeded the average 10 years later.

Irelands economic success was largely down to global economic restructuring. Ireland was no longer considered the economic “basket case” of Europe, but had gained itself the salubrious label of “emerald tiger” among others. Irelands huge success in attracting high-tech and information oriented industries and services is both a product of and a cause of an extraordinary achievement in deepening its relationship politically, diplomatically and economically with the US, while also embracing European integration (O’Donnell, 2000)

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<sup>21</sup> Sweeney, P., (1999), *The Celtic Tiger – Irelands Continuing Economic miracle*, Oak Tree Press, Ch.1, p.1

Ireland was one of the main benefactors of EU structural funds in the early 1990's, much of which was spent on improving transport and communications infrastructure (The Economist, 1997, 2004)<sup>22</sup> Ireland's Ability to attract FDI was one of the defining features of the country's economic success over the 1990's.

3 key features behind the economic boom in the 1990's

1. People – The Irish nation were now highly educated and motivated to achieve success in the workplace. The highly educated, relatively cheap, English speaking workforce was a variable in attracting many foreign companies to Ireland.
2. Government - s The Irish govt has over the past no of decades through a variety of liberal economic and industrial policies and incentives created one of the worlds most open economies (O Hagan 1985).<sup>23</sup>
3. Europe - Ireland membership of EU proved crucial 2 ways
  - Benefactor of EU monies in the form of structural funds
  - Through its place in the single market of Europe

Ireland “went digital” early and by the mid 1990's over 75% users were connected to digital exchanges and a direct fibre-optic link to the US was established, evidence of Ireland's pursuit of the IT sector with the aid of EU funds (Coe, 1999). This was another contributing factor to the Irish economy entering into the Celtic Tiger era.

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<sup>22</sup> The Economist (1997) Ireland: Europe's Tiger Economy, 15<sup>th</sup> May

<sup>23</sup> O'Hagan, J.W., (1995), The Economy of Ireland: Policy & Performance of a small European Country, Gill and MacMillan, Dublin

**Table 2.4** Standard Explanatory Models of the “Celtic Tiger”<sup>24</sup>

<p><b>(1) Demographic Trends</b></p>	<ul style="list-style-type: none"> <li>▪ Education – Investment and Increasing Participation – Humn Capital Accumulation</li> <li>▪ Age Profile</li> <li>▪ Labour Market Participation – untapped pool of labour in low female participation</li> </ul>
<p><b>(2) Industrial Policy Consistency</b></p>	<ul style="list-style-type: none"> <li>▪ Fiscal Regime – Tax Expenditures on Foreign Companies: low rates of corportaion tax and grants and subsidies</li> <li>▪ Adaptive targeting – selection from established “winners” and growing sectors especiall in the US economy</li> <li>▪ English speaking country in Europe</li> <li>▪ Selling of demographic “Dividend” and educational investment promotion of ‘young’, ‘flexible’ and ‘adaptable’ (incl. Non-unionised) workforce</li> </ul>
<p><b>(3) Outward Orientation</b></p>	<ul style="list-style-type: none"> <li>▪ Anglo – Irish free trade area</li> <li>▪ European community membership</li> <li>▪ Single european market – The ‘Single Market’ project</li> <li>▪ European and monetary union – Maastricht treaty</li> </ul>
<p><b>(4) Fiscal Correction</b></p>	<ul style="list-style-type: none"> <li>▪ Public spending controls</li> <li>▪ Public debt and borrowing stabilisation and reduction</li> <li>▪ Public sector wage controls in context of</li> </ul>

<sup>24</sup> Sweeney, P, (1999), *The Celtic Tiger – Irelands Continuing Economic Miracle*, Oak Tree Press, Dublin, p. 4

	'social partnership'
<b>(5) Monetary stabilisation</b>	<ul style="list-style-type: none"> <li>▪ Decoupling from sterling zone</li> <li>▪ Anchoring to strong currency policy of Eurocore zone (DM)</li> <li>▪ Competitive exchange rate devaluations (1986,1993)</li> <li>▪ Commitment and membership of single euopean Currency (euro)</li> </ul>
<b>(6) Social Partnerhip</b>	<ul style="list-style-type: none"> <li>▪ Institustional consensus on employment growth</li> <li>▪ Incomes polices – re-distribution towards profit share with tax reduxtions to bolster take home wages</li> <li>▪ Some liberalistaion of economy – tentative 'privatisaton' and de-monopilisation under EU requirements of the 'single – market' etc.</li> </ul>
<b>(7) European Union</b>	<ul style="list-style-type: none"> <li>▪ Structural and cohesion funds : Pump-priming investment in physical infrastructure and training : Income support for farming sector</li> <li>▪ Commitmnet and general drive towards European Union Convergence</li> <li>▪ Buoyancy of US economy and stock markets</li> </ul>

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To summarise, Ireland's growth spurt in the 1990's and 2000's was due to a series of fortunate events:

- Opening of the economy and society to trade and the flow of ideas
- The arrival of the EU single market made Ireland an attractive platform for US investors
- The boom in the US economy that provided a supply of investment
- An improvement in the educational level of the Irish labour force
- Transforms from the EU
- Highly credible macroeconomic stance
- Fiscal discipline
- Improved labour force relations
- Relatively modest taxes<sup>25</sup>

In 2002/2003 Ireland's rather "tigerish" growth had reached something of a plateau, which may have been predicted and Ireland entered into a recession.

## 2.8 Recession

Recessions are defined by at least two consecutive quarters of declining GDP.

According to National Bureau of Economic Research in USA (2003)<sup>26</sup>, a recession is "*a significant decline in activity spread across the economy, lasting more than a few months, visible in industrial production, employment real income and wholesale retail trade in other words an absolute decline in economic activity*". Under the first definition Ireland entered into a recession in June 2008 following a contraction of 0.3% in the first quarter of 2008 and a 0.5% contraction in the second quarter (Economist, Vol.364, Issue 8292).<sup>27</sup>

The definition of two negative quarters came about as a result of an article by Julius Shiskin in 1974<sup>28</sup> and does not take into account any other factors e.g. employment, distribution of income etc. GDP does not represent economic certainty so as a result

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<sup>25</sup> O'Hagan, J, Newman, C, (2008), The Economy of Ireland – National and Sectoral Policy Issues, 10<sup>th</sup> edition, Gill & MacMillan, Ch.6, p.145

<sup>26</sup> National Bureau of Economic Research Business Cycle Dating Committee, (2003), "Recession Dating Procedure". Retrieved from the National Bureau of Economic Research at [www.nber.org/cycles/recessions.pdf](http://www.nber.org/cycles/recessions.pdf) 24th June 2010

<sup>27</sup> The Economist (2009), Ireland: Vol.364, Issue 8292

<sup>28</sup> Shiskin, J., (1974), The Changing Business Cycle, The New York Times, December 1<sup>st</sup> 1974

for the purpose of this research the definition by the National Bureau Of Economic Research in USA will be used. Most literature regarding recession uses unemployment as a key factor in measurement. In most economic downturns rising unemployment generally indicates that economic growth is falling below potential earnings. However, there some literature argues that unemployment is a symptom of a recession and not a cause, as there is no key cause of the downturn in an economy Moore (1982:82) *“no single measure of aggregate economic activity is called for in the definition because several such measures appear relevant to the problem, including output, employment, income and (wholesale and retail) trade.... Use of several measures necessitates an effort to determine what the consensus among them is, but it avoids arbitrariness of deciding upon a single measure”*.

The global economic downturn that followed the dot.com crash in 2000 had direct impact on the open economy of Ireland. Irish businesses began to struggle and many have closed as a direct result of entering into the recession.

According to the GEM Report 2008, the reasons of exits of entrepreneurs out of their businesses were varied. The table below explores the different reasons for closure.

**Table 2.5** Reasons given by entrepreneurs for exiting their business<sup>29</sup>

Reasons for exit	Percentage
Other job opportunities	22%
Not profitable anymore	21%
Personal reasons	18%
Difficulty in getting finance	2%

22% of the reasons given by entrepreneurs for exiting their business are seeking other job opportunities that were not entrepreneurial.

Liquidations of Irish high-tech companies are on the increase and at a much greater rate than any other sector, averaging about 20 liquidations a year since 2001 (Electricnews.net, 2004).

<sup>29</sup> Global Entrepreneurship Monitor, (2008), Global Entrepreneurship Monitor 2008: The Irish Report <http://www.gemconsortium.org/download/1283098178503/GEMREP08.PDF> retrieved 10th June 2010

In 2003, Ireland lost 10,600 industrial jobs whilst over 29,000 working days were lost in the second quarter alone due to industrial disputes. 2003 saw “*massive university cutbacks prompt outrage*” (Simon, 2003) when the then Minister for Finance decided to stop proposed investment in Irish education and argue for bringing back fees. In 2003 the number of students opting for science and IT courses dropped. Computer courses decreased from 10,000 to 5,000 in one year (Flynn, 2003), with one course closing in the IT degree in the University in Dublin. The Researcher recognises the pattern in the lowering of students applying for certain courses are the industries most affected during the recession in job losses.

The Irish recession began in late 2008 and still has a hold of the economy at present in 2010.

## **2.9 Conclusion**

This chapter has reviewed the most important aspects of barriers to entrepreneurship during a recession. The chapter began with a detailed breakdown of the different elements of the research topic. In completing the literature review, it became apparent to the Researcher that there was a vast amount of literature in relation to entrepreneurship but certain areas were lacking in current research i.e. entrepreneurship during a recession etc. This chapter focuses on the most relevant information available to the Author.



## **Chapter 3. Research Methodology**

### **3.1 Introduction**

The purpose of this chapter is to clearly identify the research process used in this research. To ensure complete comprehensiveness, the Author explored both primary and secondary sources. The primary research involved in-depth interviews with Irish entrepreneurs from various different industries and of various different experiences. The secondary research was exploratory in nature and was exhausted before the primary research commenced. The Researcher chose the research methods with confidence.

This chapter outlines the research design for this study and the manner in which the research was conducted. It will cover the research sample, research method, and research instrument and data analysis techniques. The aims of the research methodology, which the researcher will use, which will directly flow to achieving the primary and secondary objectives of the research, are to record and examine the arguments for and against minimum wage and its relationship with unemployment rates.

The philosophical assumptions of ontology and epistemology are examined and the most suitable philosophical approach for the present research is discussed.

Finally, this chapter looks at the research instrument and discusses why face to face structured interviews were chosen as the appropriate method for data collection, thus enabling the research question to be answered and the research objectives to be met. The advantages and disadvantages of this method are also looked at.

### **3.2 The Research Process**

After much consideration and deliberation, the author chose to follow the research process defined by Emroy & Cooper (1995). The six steps are clear and in the Author's opinion the most relevant to the research topic as shown in Table 3.1.

**Table 3.1** The Research Process

Research Question	The main objective of the research project
Exploration	Become familiar with the research topic
Design	The method of research to be undertaken
Sampling	Identification of the target population
Cost of Research	The cost of collecting the data
Data Collection	The tools that are to be used to collect the data
Analysis & Interpretation	Converting the raw data into useable information
Reporting of Findings	Presenting the findings of the research project

### **3.2.1. The Research Question**

Defining the problem at hand is usually the first stage and priority of any research project. The author chose the research topic after completing a comprehensive examination of topics that would be of interest to the author. The chosen and finalised topic was to carry out a “Cross Industry Investigation into Barriers Facing Irish Entrepreneurs During a Recession”. This was the primary objective of the research. There were a number of secondary objectives that required an answer to complete the research:

- Are there certain barriers that are more pronounced during and after a recession?
- Are there certain industries that face more barriers than others?
- Why do these industries experience more obstacles?
- Are certain Business environments promoting new business ventures i.e. implementing policies and procedures to help new business start-up’s providing them access to resources?

### **3.2.2 Exploration**

The author began the investigation with an extensive search of relative literature to the primary objective of the research. This is a vital element of the research process to avoid replicating existing literature, to identify any gaps in the current literature, to

become familiar with the research topic, among other reasons. This exploration is formulated as the literature review.

### **3.2.3 Design**

Choosing the research design is the next stage in the research process. According to Bryman & Bell 2007, “a research design provides a framework for the collection and analysis of data.” (Bryman & Bell, p.40, 2007)

The research design is the plan that provides the structure of the investigation. There are many interpretations of research designs with Bryman and Bell (2007) identifying five types: experimental, cross sectional, longitudinal, case study and comparative design. For the purpose of this study, the author chose to follow Domegan and Flemings (2007): classifications exploratory, descriptive and causal.

#### **3.2.3.1. Exploratory Design**

Exploratory designs are employed to examine and uncover any issues in relation to the research subject. MacDaniel & Gates (1999:63) mention that exploratory research is usually small-scale research undertaken to define the exact nature of the problem and to gain a better understanding of the environment within which the problem occurred.

Exploratory research is valuable for the researcher as a means of finding out what is happening in areas in which little is known or if they are unsure about the exact nature of the problem (Saunders, 2006).

This research that is exploratory in nature took the form of secondary research with an extensive literature review and the primary research in regards to in-depth interviews, which were conducted to gain further insight into the research topic.

#### **3.2.3.2. Descriptive Design**

Descriptive design is quantitative in nature as it measures “the number and amount of variables present” (Domegan & Fleming, p.67, 2007). This research seeks to define and describe the situation in a defined and structured manner.

It can be further broken down into longitudinal and cross-sectional design (Domegan & Fleming, 2007). Longitudinal research design refers to when the research is

4. **Decide on the size of the sample needed** – The sample size chosen, 10 Irish entrepreneurs, was appropriate for the author to gain a full perspective on the research topic
5. **Cost of the sample** – There was no financial limitations to consider while completing the research. The Researcher had unlimited access to Galway Mayo Institute of Technology library that also included online databases.

### **3.2.5. Cost of Research**

The financial aspect of conducting research is always a consideration for Researchers. While completing this research, the Author had no financial restrictions as previously mentioned.

### **3.2.6. Data Collection**

There are two methods of collecting data, primary and secondary research. The author conducted secondary research in establishing a literature review solely based on the research topic from combing through literature that already existed.

Primary research is obtaining new information for the purpose of completing research and was undertaken in carrying out in-depth interviews with Irish entrepreneurs.

#### **3.2.6.1 Secondary Research**

The Author exhausted all sources of relevant data in the form of books, journals, reports, surveys, other dissertations etc. The result of the secondary research takes the form of Chapter 2 The Literature Review, which in the Authors opinion is the backbone of the research and provides the basis on which the author justified the research questions and chose the research design.

#### **3.2.6.2. Primary Research**

The Primary research was conducted after all sources of secondary research were exhausted. The author chose to conduct the primary research in an exploratory and descriptive nature.

### **3.2.6.2.1. Interviews**

To gain a further insight into the research topic, the Author chose to conduct semi-structured interviews with 10 Irish entrepreneurs. The Author had prepared questions but also allowed for elaboration at any stage and for the respondent to fully give their opinion and views on the research topic. “That starting point is a question that is almost content-free. This is your warranty that the answers come from the respondent and did not arise simply because your questions created a self-fulfilling prophecy” (Dick, 1990:9)

The primary advantage of using interviews, as a research method is the quality of the information obtained is usually to a high and concise standard. The interviewer has the opportunity to elaborate at any time during the interview if certain areas seem broader than others and also the interviewee has the power to elaborate where they feel possible. The outcome will be much more detailed than other methods of research e.g. surveys.

There are also a number of disadvantages to choosing interviews as a research method. They can be time consuming as a time and date will have to be set that suits each individual, the outcome of each interview may be respondent specific and not reflect the Irish entrepreneurs sector as a whole.

### **3.2.7. Analysis And Interpretation**

The Author would conclude this as another important stage of the research process. The data collected from both secondary and primary research was critically analysed and interpreted by the author to establish research questions and objectives that were specific to the Author.

### **3.2.8. Reporting of Findings**

The findings of this research are compiled in Chapter 5 along with further discussion and recommendations in Chapter 6.

### **3.3. Ethical Considerations**

According to Cooper & Schindler (2000:112)<sup>31</sup> “Ethics are standards of behaviour that guide moral choices about our behaviour and our relationships with others...the goal of ethics in research is to ensure that no one is harmed or suffers adverse consequences from research activities”.

The ethical treatment of informants is what initially comes to mind when considering ethics with regards to this research. In developing the questionnaire the Researcher decided to withhold the subjects name. In approaching enterprises across Galway city the Researcher noticed several potential respondents did not wish to be named in the study but were willing to confide their experiences in their business. After considering the options, the Researcher made the ethical decision to withhold the names of all respondents to the questionnaire.

The interviews began with researcher clearly stating her name, the college the researcher attends and a brief description of the purpose and benefits of the research. Respondents were informed of their right to refuse the interview or answer any questions before the interview began. Both interviewees agreed to being named in the study. Through this honest disclosure, full cooperation was encouraged.

### **3.4 Limitations of the Research**

In completing the research there were significant limitations. In distributing the questionnaire the Researcher allowed for time delays but did not anticipate the low response rate. To support the low response, the Researcher made the strategic decision to include in-depth-interviews with two of the respondents. The sample size of population to choose from to conduct research was also a minor issue. Although there are a large number of entrepreneurs successfully established in the Irish economy, there was a smaller sample to choose from when conducting interviews. Some of the entrepreneurs in question may not want to participate in the research or may not have time to aid the Researcher in conducting the interviews.

Time to complete the research was also a limitation as The Researcher is in full employment and had other course work to complete but planned to conduct the research when possible.

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<sup>31</sup> Cooper, D, Schindler, P, (2001), Business Research Methods, McGraw-Hill

### **3.5 Philosophical Assumption Selected**

The major dimensions of research are ontology, epistemology, methodology and methods. Each dimension impacts how a research question is formulated, how a project is conceptualised and how a study is carried out. Furthermore, ontological and epistemological positions invariably inform methodological and methods of choice.

#### **3.5.1 Ontology**

An ontology is a philosophical belief system about the nature of social reality-what can be known and how. A researcher's ontological assumptions impact topic selection, the formulation of research questions and strategies for conducting the research.<sup>32</sup>

#### **3.5.2 Epistemology**

Epistemology is the theory of knowledge acquisition, and beliefs fall somewhere between two extremities; knowledge can be acquired by measuring hard facts (positivism), or knowledge needs to be experienced and interpreted (nominalism). As this research is concerned with the acquisition of knowledge, and then its interpretation, the 'strategy of enquiry' relating to this research, is that of epistemological nominalism<sup>33</sup>.

After exploring all the options available to the Researcher, the Researcher believes the study will be in the epistemology category of knowledge. The theory of acquiring knowledge will also be a mixture of positivism and nominalism. This research will include exploring previous literature and acquiring data from this and also experiencing and interpreting the data in the Researchers terms.

There are varying amount of literature in existence exploring barriers to entrepreneurs but they lack the definite timeline this research plans to explore through the Irish economy before and after the economy downturn. In examining previous literature on entrepreneurs there is a varied approach to the subjects of barriers and the assumption that all business ventures will face certain obstacles at various different stages of their

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<sup>32</sup> Heffernan, K. (2009) Developing a Master's Thesis pg 8

<sup>33</sup> Heffernan, K. (2009) Developing a Master's Thesis pg 8

life cycle. The previous literature is somewhat dated and is not specific to the time period of during and after a recession.

The Researcher chose a mixed methods approach to the research. In the social research environment both qualitative and quantitative methods is what is referred to as a mixed methods approach.<sup>34</sup>

### **3.6 Qualitative Research**

Qualitative research is a broad approach to the study of social phenomena that takes place in the natural world, focuses on context and is fundamentally interpretive.<sup>35</sup>

The qualitative research was conducted through carrying out in-depth interviews with two Galway based entrepreneurs. These interviews were unstructured but remained within the boundaries of the research objective.

*“...That starting point is a question that is almost content-free. This is your warranty that the answers came from the respondent and did not arise simply because your questions created a self-fulfilling prophecy” (Dick, 1990:9)*

With qualitative research the development of hypotheses are less frequent, where the concern in developing hypotheses, is that it will influence the direction and outcome of the findings, where in quantitative research, strengths of the study undertaken lies in the structure and representativeness providing objectivity in the testing of hypotheses through the application of statistical criteria to the measures. The researchers opinion does not affect or influence the hypothesis test in contrast to qualitative research requiring subjective interpretation (Hair et al, 2007).

Qualitative data provides the opportunity to explore data or a subject in real time and in as real a manner as possible using conceptualisation in analysis of data, where quantitative conducts analysis through the use of statistics and diagrams using standardised and numerical data (Saunders et al, 2009).

### **3.7 Quantitative Research**

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<sup>34</sup> Qualitative Approach [www.socialresearchmethods.net/kb/philosophy.php](http://www.socialresearchmethods.net/kb/philosophy.php) (retrieved 5<sup>th</sup> June 2010)

<sup>35</sup> Marshall, C, Rossman, G, B. (2006), “Designing Qualitative Research”, 4<sup>th</sup> edition, pg.2-3, Sage Publications Inc., London.



Quantitative research can be measured as the methods in which the researcher explores relationships using numeric data. Questionnaires are generally considered a form of quantitative research. Results can often be generalized, though this is not always the case.<sup>36</sup> The questionnaire was developed with the research objective in mind. The questionnaire was structured and a mixture of dichotomous and open-ended questions in order to gain the respondents full experiences and opinions on their personal business experience.

As a result of the unanticipated low respondents that returned the finalised questionnaire the Researcher chose to conduct in-depth interviews with the respondents of the questionnaire.

### **3.8 Questionnaires**

This descriptive method of research was chosen by the Author to gain further insight into a large group of respondents. The questionnaires were designed with the research objectives in mind and distributed to Irish entrepreneurs across a number of industries to gain their opinions on the research topic.

#### **3.8.1 Advantages of Questionnaires**

There are a number of advantages of developing questionnaires to conduct research:

- The format is clearly numbered and easily understood to candidates and allows for respondents to fully understand the questionnaire
- Questionnaire are less time consuming than other forms of research as respondents can complete in their own time
- The respondent can sometimes feel more comfortable writing their response than speaking to a stranger

#### **3.8.2 Disadvantages of Questionnaires**

There are a number of disadvantages in using questionnaires to conduct research:

- Questionnaires are generally standardised leaving the respondent less freedom to elaborate
- The answers given may not be honest, respondents have more time and freedom to construct their response

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<sup>36</sup> Quantitative Research <http://writing.colostate.edu/guides/research/glossary> (retrieved 5th June 2010)

- Questions need to be clear and understandable for the respondents

After contemplating the advantages and the disadvantages of using questionnaires as a method of research, the Author chose to develop a questionnaire with the research topic in mind and investigate a large population relevant to the research.

### **3.9 Semi-Structured Interviews**

The Author's primary method of data collection was face-to-face semi-structured interviews. This technique is widely used by business graduates in conducting research as it allows for the Researcher and the Candidate to fully explore the topic. The Author has chosen to employ semi-structured interviews in favour of highly structured interviews to collect data. The literature review of the previous section enabled the researcher to form a predetermined set of appropriate questions.

The Author favoured this method of data collection as it allows for the respondent to elaborate where possible and the Author can gain more information in interpreting their attitude and body language in response to the questions.

#### **3.9.1 Advantages of Interviews**

Face to face data collection has a number of advantages:

- The interviewer has the chance to build rapport with the respondent, which can help achieve and maintain co-operation and increase the quality of data.
- This method allows for a relatively high degree of flexibility in the interviewing process.
- If a respondent doesn't understand a question in a personal interview, you can probe for more complete data<sup>37</sup>.

#### **3.9.2 Disadvantages of Interviews**

- It is generally time consuming and scheduling can be difficult when both parties are in different industries.

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<sup>37</sup> McGivern, Y.(2009). The practice of market research: an introduction, Pearson Education, Ed 3. Pg227

- Results of open-ended or unstructured interviews may be difficult to summarise and interpret if the respondent has elaborated beyond the semi-structure.
- This method may be more expensive than other methods of data collection due to the cost of organising the interviews<sup>38</sup>.

The Author chose to conduct semi-structured interview with Irish entrepreneurs to gain a full insight into the research topic. Before commencing the interviews the Author developed a list of questions to enter each interview with and developed an interviewing technique.

### **3.10 Conclusion**

This chapter focused on the research design and methodology used to accomplish the study objectives. The Author first chose the research methodology presented after much consideration of many different techniques. Each research technique was scrutinised and both advantages and disadvantages were considered before defining the research technique.

In the next chapter, the information collected will be compiled and interpreted.

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<sup>38</sup> Witkin, B. Altschud, J.(1995). Planning and conducting needs assessment: a practical guide. SAGE. Pg 149.

## **Chapter 4: Research Findings**

### **4.1 Introduction**

The purpose of this chapter is to present the findings of the primary research carried out for the purpose of this research as outlined in the research methodology chapter. This chapter discusses the data analysis and findings according to the participants' opinions. The primary research that was conducted by the researcher consisted of nine-semi-structured interviews and a questionnaire completed by thirty respondents. The researcher analysed the data manually in order to organise, provide structure to and elicit meaning from the data. The findings of the study are presented to answer the research question.

### **4.2 Findings**

#### **4.2.1 Questionnaire**

To carry out a thorough cross-industry investigation into the barriers facing Irish entrepreneurs during the recession, the Author developed a questionnaire with the research topic in mind. The questionnaire was then distributed to 30 companies across Galway. The majority of the questionnaires were hand delivered with a 100% return rate. This high percentage return rate was unanticipated by the Author as in previous research conducted the response rate was extremely low. The Author allowed for a two-day return date appointment to each company and in all circumstances the questionnaires were complete.

When distributing the questionnaires the Author gave a brief personal background and explained the research topic and the Authors motives in choosing each company and their significance to the research.

The questionnaire began with background questions that eased the respondent into the questionnaire and onto more company specific questions.

#### **4.2.1.1 What is the Nature of your business?**

When selecting the companies to investigate the Author purposely chose a mixture of industries to include many sectors i.e. retail, service and production sectors.

The companies surveyed included bars, restaurants, Dry Cleaning Company, convenience stores, clothes stores, IT company, public relations company, electricians, beauty production company, among many others. 25% of the respondents were from the retail sector, 65% were active in the service sector and 10% were in the production sector.

#### **4.2.1.2 What is your age/ educational background?**

Out of the 30 entrepreneurs investigated, the majority of respondents (16) were in there 30's with 6 respondents below the age of 30 and 8 entrepreneurs in there 40's.

There was a varied educational background amongst the respondents with 22 out of the 30 entrepreneurs having a qualification of some extent in their chosen industry and 7 out of these holding a third level qualification. The remaining 17 gained awards and certificates in their chosen sectors.

#### **4.2.1.3 What Characteristics/ traits do you feel you possess as a successful entrepreneur?**

The Author made the strategic decision in giving a list of common characteristics associated with entrepreneurial activity as well as giving the respondent the option to list any characteristics that were not listed. The Authors list included the following traits:

**Table 4.1** Characteristic of entrepreneurs from findings

Self- belief	Innovative
Motivated	Good multi-tasking skills
Good planning skills	Assertive
Ability to delegate	Creative
Driven	Enthusiastic
Goal-orientated	Hardworking

The respondents ticked more than one trait each and in many circumstances three or more traits.

#### **4.1.2.4 What were your main motivations for becoming an entrepreneur?**

The respondents to the questionnaire were given free reign to answer with no limits on how many or how little he motivations accumulated to. The Author did not want to encourage or inhibit the respondent's answers, so they chose not to give a list of generic motivations that could apply to any entrepreneur.

The list of motivations given by the respondents included

- Financial gains
- Desire for independence
- Did not want to be just an “employee”
- Self-achievement
- Parents were entrepreneurs – saw the benefits first hand

#### **4.2.1.5 Has the recession had an effect on your business?**

The Author anticipated the response of “Yes” given by the entire sample. In most circumstances there is no way that a business can escape the recession and it's rippling effects.

#### **4.2.1.6 In what way has your business been affected by the recession?**

All respondents in bullet-point format gave the response to this question. The most recurring answer were:

- Lack of finance
- Decrease in sales
- Decline in customers

- No financial assistance available
- Difficulty in paying for materials
- Increase in competition
- Difficulty in repaying business loans- short term and long term

The recurring element in many of the barriers these companies are currently facing is finance. Issues regarding finance affected every sector. These barriers came in many forms i.e. short-term cash flow, ability to repay loans, possibility of buying large amounts of material for work, etc.

### **4.3 Respondents Profiles**

The interviewees varied in age, gender and occupation. They came from different industries active across Galway city and county.

**Interview A** opened her printing business in Galway in 1984 in partnership with her husband and a third business partner. Their printing company has become a family business and has gone from strength to strength over the past 20 years. When the recession began in 2008, the company did experience a decrease in operations but in recent months the company purchased new machinery to invest in their future, which has allowed them to gain new contracts.

**Interview B** who opened the doors to his first pharmacy in 2003 with a business partner in Galway city. They opened a second pharmacy on the outskirts of Galway city two years later. The entrepreneur, a qualified pharmacist, worked as a locum pharmacy across Galway for over two years before making the decision to open his own store. Both pharmacies have experienced a loss in sales in recent years, which he blames on the recession.

**Interview C** a qualified Homeopath who made the decision to open her own clinic in May of 2010. This entrepreneur studied and trained for four years to qualify as a Homeopath before under taking a post-graduate course to further her training. When this entrepreneur first qualified she rented a room in a clinic for over a year before

taking the opportunity to open her own clinic. Homeopathy is an alternative treatment and she has worked hard and is continuing to work hard to create a loyal client base.

**Interview D** a Galway native, who opened her Marketing and Public Relations company in 2001. While searching for work after graduating with a degree in Marketing and Public Relations, she noticed a niche in the market for a new company that focuses on generating awareness for companies through various different means of media.

**Interview E** a 34 year old who opened her pre-school and childcare facility in Galway 4 years ago. This entrepreneur has earned numerous awards and certificates through various different academic courses. This interviewee opened her pre-school adjacent to a primary school in Galway city, which offers pre-school education, and childcare facilities after school hours.

**Interview F** a 51 years old Galway native who began his catering company over ten years ago in partnership with a business partner. The company specialises in domestic and corporate catering across the West of Ireland. This entrepreneur has also secured the contract to manage to bar services in the Galway Race course Meetings held throughout the year.

**Interview G** the youngest entrepreneur interviewed who at the age of 26 has been in business for 6 years as the owner and manager of a beauty salon in Galway city. At the young age of 19, she qualified as a Beauty therapist and began to work in a local salon. After a few months, this entrepreneur made the drastic decision in opening her own salon. As a 20-year-old female starting a business, this young entrepreneur had to face numerous issues to become the success she is today.

**Interview H** who opened his printing business in Galway nearly 20 years ago. This company specialises in personal memorabilia i.e. christenings, weddings, funerals etc. The company has been extremely successful, however, in recent months they have experienced a dip in business and have had to scale back business operations.



**Interview I** a designer and landscaper who began his career working in a garden centre before developing his design skills and establishing his design company in 2006 which creates and designs a clients chosen location into their personal desired place. In 2010, he opened a pop-up store in a Dublin Shopping Centre to sell his designs to customers who are not in the position to hire a designer and landscaper.

## **4.4 Interviews**

The semi-structured interviews were prepared in advance with the concept of guiding the interviewee into the interview and allowing them scope to develop any areas that particularly relate to their business experience.

Each interview was started with general background questions probing further into the each interviewee's age, education, business background, experiences etc.

### **4.4.1 Age and Experience of Respondents**

The interviewees varied in age with the youngest being 26 years of age and the oldest respondent being 59. Business experience was also varied amongst the respondents with one entrepreneur opening their business 8 months ago in contrast to a respondent who had over 20 years in business. In varying the age and experience of the interviewees, the Authors motives were to gather a varied group of individuals who have similar traits but have various different levels of success and experience. The importance of selecting entrepreneurs with varied experience will highlight the different experiences each entrepreneur had in opening their business at that specific time i.e. before, during or after a recession.

### **4.4.2 Family Background of Respondents**

In questioning the interviewees about the history of entrepreneurs in their families, the Author wanted to explore the concept that entrepreneurial behaviour may be passed through generations.

All nine of the entrepreneurs had family members that were also entrepreneurs or had an entrepreneurial experience at some stage of their lives. Five of the respondents also stated that they were encouraged by these family members to begin their own business ventures. Interviewee G stated that her uncle owned and managed a successful chain of shoe stores across the West of Ireland and always encouraged her to start her own business. Interviewee's A and C were mother and daughter and the daughter stated her mother was a strong influence on her choice to open her business. She saw the success they achieved but also was aware of the hard work that it entailed.

#### **4.4.3 Education of Respondents**

The featured entrepreneurs had an extremely varied educational background with some holding a third level education award to some entrepreneurs that completed their education at second level. Interviewee C held a degree in Homeopathy after spending four years studying and training. In contrast to Interviewee A who finished secondary school and entered the work force to later set up her own company with business partners. This entrepreneur gained experience on the job and while working full time earned a degree in accountancy.

#### **4.4.4 Nature of the Businesses of the Respondents**

The entrepreneurs selected came from extremely different business environments; Marketing and Public Relations; childcare and pre-school education; Homeopathy; catering; Landscaping and design; Beauty; Pharmacy retail; and Printing. The two printing companies featured both specialise in different areas of the market with one of them currently printing labels for a popular water bottled in Galway and the other company specialises in personal memorabilia.

The two factors that all of the featured companies have in common are they each deal with customers or clients on a daily basis and the second and most important they are all surviving the economic downturn through hard work, determination and in some circumstances becoming innovative in their daily business.

#### **4.4.5 When did you begin your business operations?**

The timeframe of business openings varied dramatically with one business in operations for over twenty years to the most recent entrepreneur opening their doors four months ago.

Interviewee A began their business in 1984 when Ireland was experiencing similar economic circumstances to now i.e. a downturn in the economy. The interviewee started the printing company with her husband and a third business partner, who later left the company. This entrepreneur became head of administration within the company and oversaw many aspects while her husband concentrated on the printing contracts they earned.

Interviewee B opened the doors to his pharmacy over seven years ago in Galway city and two years later opened their second store on the outskirts of the city during the height of the Celtic Tiger boom. This pharmacist opened his business with a fellow pharmacist, who has chosen to take a back seat in the running of the stores and concentrate on his own pharmacy located in county Galway. The interviewee stated the timing of his business opening has attributed to their immediate success,

*“When customers were not afraid to spend and supplying companies allowed for periods of grace for payments and crediting orders business was booming and going from strength to strength.”*

Interviewee C is the second most recent entrepreneur in business beginning her business in March 2010. This interviewee qualified as a Homeopath two years ago after four years of college. The respondent first began practising Homeopathy as part of a group of Homeopaths in Galway renting a practice room in a clinic. After spending over a year working in this practice, the intending entrepreneur made the decision to open her own practice where she would have more freedom and control over the running of the business. This respondent was aware of the economic climate but still took the opportunity and opened her own clinic,

*“When I discussed opening my own business many people asked was I serious and did I consider the possibility of failure, but I was aware of all the possibilities and was positive about the opening of my business.”*

The fourth interview was conducted with the managing director of a marketing and public relations company that opened four years ago in 2006. The entrepreneur was very positive about her experiences in the beginning of her company. There was little competition in this industry but those that were there were well established. This respondent worked extremely hard to gain contracts and has seen her company become one of the most successful companies in their industry.

Interviewee E opened her childcare facility over three years ago adjacent to a primary school in Galway city. The prime location of the Crèche/Montessori School is a positive factor in the businesses success. There have also been incentives from the Irish Government for children to attend pre-school education with each child in Ireland being offered one year free in pre-school education. This interviewee reported this as a *“positive contribution”* to her continuing success.

The sixth interview, interview F, was conducted with the owner and manager of a catering company in Galway that is in operation for over ten years. In 1998, the company began catering for domestic and corporate events across the West of Ireland. During the first few years of operating, the company prospered and finance was not an issue for clients, suppliers and also the company itself. The company has noticed deterioration in contracts but is still in business catering various different events across the West of Ireland.

Interviewee G opened her beauty salon six years ago in Galway at the young age of twenty. The salon, located in Retail Park in Galway city has been extremely successful and this can be attributed to the entrepreneur’s continuous attempts to innovate and generate new business.

Interview H, is in business since 1988 in the printing industry in Galway. They offer a wide range of services. The company thrived during the Celtic Tiger era but has experienced a downfall in recent months.

The final interview, Interview I, was conducted with an entrepreneur that first began his business in 2004 as a designer and landscaper and in September 2010 he opened a store in a Dublin Shopping Centre selling his flower arrangements, furniture and other key items. This entrepreneur had worked as a landscaper and horticulturist across Ireland for over ten year before making the decision to open his business. Originally from Galway, he came to the decision to open his own business after client's requests to make one off purchases as well as regular contract work.

#### **4.4.6 Did you face any barriers in establishing your business or in your business life cycle?**

Despite the dramatic differences between all of the respondents, there was a unanimous answer of "Yes" from each interviewee admitting to facing barriers/challenges throughout their business life cycle. There were some common barriers between the entrepreneur namely finance. This barrier was expected and the Author anticipated "finance" as a barrier as it is the most talked about and indeed the main perceived barrier.

Every interviewee mentioned finance as a barrier at some stage in his or her business life cycle. Interviewee's C and I, who are the most recent entrepreneurs mentioning finance as a major barrier when starting their businesses. This reflected the specific time frame of during the recession. Both of these entrepreneurs perceived finance as an issue and had extras resources when finance became an actual barrier. Interviewee C stated planning was an important aspect of her overcoming this barrier,

*"I am not psychic so there is no way to know what challenges I may face but I can plan to have a system in place to help me overcome whatever lies ahead."*

The second common barrier mentioned by the interviewees was the recession. Although this links to many different aspects including finance, the interviewees felt strongly about the topic and were listed by all participants as a barrier. The recession is inevitably an invisible barrier but the consequences of the economic downturn can

be seen and felt by all companies involved in this study. Interview F stated the recession as the biggest barrier his company is currently facing. The catering company has seen a dramatic decrease in new customers. The entrepreneur attributed this decline as a direct effect of the economic downturn,

*“Since late 2009, we have experienced a loss of new and existing contracts. People are not spending money on catering when they cater themselves and our service can be seen as a luxury. There are also significantly less events being organised as a direct result of the recession.”*

Interview B also claimed the recession has proved to be a major challenge to his pharmacies,

*“Customers no longer spend without cause and are extremely cautious when purchasing and are constantly seeking the best value where possible.”*

Interviews A and G both stated the recession has had negative effects on their business. Although they are in different industries, both businesses depend on customers to survive. Both entrepreneurs were honest when admitting the recession has affected their companies,

*“This time last year we had orders queued with an average waiting list of two to three weeks, now we are lucky to have a continuous flow of contracts but this is largely due to our sales team who are constantly striving for new and continuing orders from existing clients.”*

During interview G, the salon owner spoke of the recession with hope of turning the negative effects into increasing trade with new services, treatments and products,

*“Since last year, the business has experienced a downfall of customers. I am trying to create new ways of generating business, one major change I have made is having products for sale in the salon as well as treatments, generating more business into the salon”*

The two recent entrepreneurs, Interview C and Interview I, both mentioned the recession as a barrier but were less worried as they have only experienced business during a recession so they have no experience to compare. Both of these entrepreneurs seemed more positive when speaking of the recession and the Author came to the conclusion this was their lack of experience of business during economic prosperity so they could not compare to current business results.

The third barrier mentioned by the interviewees was the risk of failure. In most circumstances the interviewees experienced this barrier at the beginning of their business venture with some respondents re-evaluating their risk of failure during the recession.

All nine of the interviewees featured in the research contemplated the risk of failure in their business ventures. The more mature and older entrepreneurs were more aware and concerned with the risk of failure in comparison to the younger generation of entrepreneurs. Who had the attitude of creating new business ideas to generate new business? Interview H, who has been in business for over twenty years spoke of his fear of failure in the beginning and again now twenty years later,

*“When I was first starting out in business, there was a constant threat of failure hanging over me. For the next fifteen years thankfully the business went from strength to strength until the last year and a half which have seen the business take a nose-dive to return to that fear of failure all over again.”*

For many entrepreneurs the risk of failure is a perceived barrier that never becomes a reality. Interview G had a more fighting attitude when mentioning the risk of failure. This entrepreneur mentioned the possibility of failure as a perceived barrier but she admitted she would not have failed without a “fight”,

*“When I first opened the salon the risk of failure was there as with all new businesses but in reality I would have gone to extreme lengths and not closed my business without a fight and giving everything possible.”*

There were more barriers mentioned by the different interviewees including education, time, cultural barriers, gender, environmental barriers, were the more frequently mentioned barriers.

The Author chose to focus on the gender barriers mentioned by the interviewees, as this can be a significant barrier in many circumstances. Four of the nine entrepreneurs mentioned the gender as a barrier, with all four entrepreneurs being female. When questioned further on gender issues, the entrepreneurs explained further their own personal issues they faced in regards to gender.

Interview A, established her business in 1984 with her husband and a third party and was one of very few entrepreneurs at that time. As she was a partner in the business, during meetings all three managers would be present and this candidate constantly felt ignored by other executives or when clients demanded to speak to her male colleagues instead of her. This entrepreneur felt she had to work harder as a result to prove her capability.

Interviewee C, who opened her business in 2010, has experienced gender as a barrier when dealing with refurbishments in conjunction with her business opening,

*“When I was renovating my new clinic, I had significant issues in dealing with the construction team who dismissed my concerns but when dealing with my husband they had a different attitude.”*

Interviewees D and G both had experienced gender as a barrier when dealing with their lawyers and accountants. At certain stages both entrepreneurs voiced their concerns at certain issues but were politely dismissed and these concerns grew into major issues that impacted their business. Both women had to make their position known and make the people aware that they are in control.

When questioning if gender was a barrier the Author put this question to the male entrepreneurs as *“Did they believe gender was a barrier in entrepreneurship?”* and there was a unanimous response from the male entrepreneurs in *“No”*, many stated that it could have been years ago but not for the last twenty years. In completing the



interviews one of the female respondents stated she did not believe gender was a barrier and stated she had no negative experiences as a result of being businesswomen that a male in the same position would not have faced.

In discussing the area of gender, the likelihood of gender discrimination in 2010 is very unlikely in comparison to those with experiences in the early 1980's and 1990's when the attitude towards female entrepreneurs was not encouraging. In 2006 the first female winner of Ernst & Young Entrepreneur of the Year Award was Anne Heraty (GEM Report, 2006) showed there was no gender discrimination in awarding success in the 2000's. There was still a difference in the gender balance of entrepreneurs in 2006 with 145,000 early stage entrepreneurs being male in comparison to the 57,000 female entrepreneurs in the early stage of development (GEM Report, 2006).

#### **4.4.7 In what way has the recession affected your business?**

The Author's motives in questioning how the recession has affected their businesses will allow the research to further explore what barriers, if any, the businesses are now facing during the recession.

When exploring the answers from the respondents the Author recognised the common element in every answer was finance.

Interviews A, B, F, G and H all had recurring issues related to finance. The common link between all of these respondents is that they all rely on sales and customers on a daily basis.

Interview B was adamant that the decrease in sales is a direct result of the recession. This entrepreneur has recognised the trend of customer expenditure over recent months. The customers are constantly seeking cheaper alternatives and cheaper brands to their preferred more expensive brand names. In the pharmacy/dispensing side of his business, the interviewee has noticed the increasing amount of medical holders and other schemes that would result in a cheaper purchase for the customer.

Interviewee F's business relies on customers and clients for survival. During the recession his catering business has been affected in the decrease in catering jobs available i.e. the lack of functions and events being organised and a reduction in domestic contracts. The interviewee believes that clients are choosing cheaper alternatives including doing their own catering,

*"In previous years we could over four events a day, now we are lucky to have a steady flow of events that allows us to pay our overheads."*

Interviewee G, who runs a beauty salon, has admitted she has had to change many aspects of her company to ensure the business survives the economic climate. This includes creating treatment packages that ensure value for the customer as well as bringing trade to the salon. Another aspect that this entrepreneur has explored was to bring products into the salon for sale without treatments.

*"I noticed a decline in business at the beginning of the year and decided to try and generate business into the salon without it being a major investment."*

Interview A's business has noticed a steady decrease in business since the beginning of 2010. The company decided to be proactive rather than reactive and invested in new state of the art machinery. Although some people may consider this a risky venture, it has proved successful for this company. As a direct result of this investment the company has signed new contracts that were not possible before the new machinery. The entrepreneur recognised they were extremely lucky to be in a position to invest,

*" We had to make a decision to continue with dwindling business, or invest with the possibility of gaining new contracts, after much deliberation we decided to take the risk. Luckily it paid off."*

Interview E was the only candidate to state that although some aspects of her business has been affected by the recession, overall the business is competing relatively the same to when they first opened i.e. before the recession.

The Author believes this respondent is a unique case as her business has been benefited by Government schemes that allow her business to remain the same.

The recession has had a dramatic and significant effect on the Irish economy and as result has impacted businesses across the country.

#### **4.5 Conclusion**

The Researcher conducted this study across a number of industries in Ireland that have been subject to change as a result of the Irish economy entering into a recession in 2008.

In achieving this success, all the respondents faced and in most circumstances overcame barriers to their business at various different stages of their business life cycle. These barriers were extremely varied and affected each business differently.

*The important element in conducting the primary research was featuring entrepreneurs that have had varying experiences in their business life and also have varying characteristics. One of the contributing factors was their experience as an entrepreneur and also the time of their business starting.*

*In conducting the research, the Researcher did not anticipate the high and complete response rate to the questionnaire.*

During and after a recession, barriers to businesses become more intensified. Certain challenges that were not previously regarded as barriers become more apparent. In many circumstances a recession will highlight any challenges to businesses and magnify the negative aspects.

## **Chapter 5. Discussion**

### **5.1 Introduction**

This chapter will focus on the literature explored and include the findings from the primary research carried out by the Researcher.

### **5.2. The Discussion**

The primary purpose of this research was to carry out a cross industry investigation on the barriers facing Irish entrepreneurs during the recession. The various barriers facing Irish entrepreneurs now and the previous obstacles they have overcome were discussed in depth throughout the previous chapters.

In the literature review, the Researcher focused on the different important elements of the research objective and explored the extensive literature available in relation to each element. The Researcher chose to use a mixed methods research approach in combining quantitative and qualitative research tools and also gathering primary and secondary data relevant to the research topic.

Throughout the previous chapter, the Researcher explores the results of the questionnaire and interviews carried out at an earlier date by the Researcher. The both of these chapters confirmed the barriers facing Irish entrepreneurs intensify during a recession.

The Researcher questioned the respondents on the characteristics and traits they feel they possess as an entrepreneur. The traditional characteristics i.e. driven, hard working, risk taker, etc. were all listed by several entrepreneurs. These characteristics and traits have previously been mentioned by several theorists and in most circumstances would be regarded as general characteristics and traits of all entrepreneurs.

In accordance with Delmar (2000)<sup>39</sup>, the Researcher and her findings will also comply with his studies, that entrepreneurial characteristics may not always be instilled but may be as a result of a situation or opportunity they face.

There is an extensive catalogue of literature available on the characteristics of entrepreneur's. Kirby (2003), Deakins and Freel (2003) and O'Farrell (1986) are some influential Authors who have listed common characteristics among entrepreneurs. After completing the primary research, the Author also compiled a list of common characteristics of the entrepreneurs in the study. Many of these characteristics were comparable with the previous literature. While each entrepreneur is unique and has a unique business experience, the entrepreneurs in this research had many similar characteristics that make them comparable to each other.

Entrepreneurship has become a way of life for many people across Ireland and the European Union. This way of life is set to increase over the coming years as people are now realising the potential for success that is involved in starting their own business.

The research explored the varying barriers faced by entrepreneurs throughout specific periods of time i.e. during and after a recession. 100% of the entrepreneur's featured in the questionnaire and the interviewees were still in business despite their businesses being affected in the recent Irish economic downturn.

Entrepreneurship was accepted as a successful way of life in Ireland in the late 1990's and the Irish culture promoted entrepreneurial activity. During the Celtic Tiger era when the Irish economy was very prosperous, many people took the decision to begin their own businesses. The barriers faced during this period of time were not as significant and did not pose as much of a threat as they do now in a time of financial uncertainty. The most common barrier mentioned in numerous studies and also the primary research carried out by the Researcher was issues finance. During the Celtic Tiger era, accessing finance was not a major obstacle for many as the financial

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<sup>39</sup> Global Entrepreneurship Monitor, (2006), Global Entrepreneurship Monitor 2006: The Irish Report <http://www.gemconsortium.org/download/1283098178503/GEMREP08:PDF> Retrieved 10<sup>th</sup> June 2010

institutes were encouraging entrepreneurs to take the risk in setting up their business. This came with high levels of interest that in now a time of a recession is crippling many entrepreneurs who cannot afford the repayments. Irish experts surveyed in GEM Report 2008 highlighted a lack of seed capital as a problem,

*“Problems in securing relatively small amounts of money is compounded by amount of paperwork involved”<sup>40</sup>*

The Author questioned all respondents through the questionnaire and interview explore if and what barriers the entrepreneurs have and are now facing. The primary barrier brought to the fore while exploring the compiled primary research, was issue regarding finance. In many elements the respondents did not mention finance as a barrier they mentioned an element that led back to finance topic e.g. ability to repay loans, difficulty in purchasing raw materials, etc. The Author did anticipate finance being the primary barrier and in accordance to previous literature, finance is the primary perceived and actual barrier when exploring entrepreneurship as a topic.

A barrier that has less of an effect in 2010 is the issue of gender discrimination towards entrepreneurs. 55% of the respondents interviewed said gender was not an issue in their industries. However, four of the nine entrepreneurs felt gender was a barrier in their circumstances. All of these respondents were female and began their businesses in different times i.e. 1980's and early 2000's and faced the discrimination in different situations. One of the respondents in question faced gender discrimination from her accountant and lawyers who dismissed many of her wishes and also oversimplified certain areas where this simplification was not required hence patronising the entrepreneur.

Throughout the past two decades gender has become less of a barrier in becoming entrepreneur. In Ireland men are three times more likely to become entrepreneurs than Irish women. Historically, entrepreneurship has been a male dominated pursuit, but many of today's most memorable and inspirational entrepreneurs are women. This was reflected in 2006 when Ann Heraty was nominated and won Irish Ernst & Young

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<sup>40</sup> Global Entrepreneurship Monitor, (2008), Global Entrepreneurship Monitor 2008: The Irish Report <http://www.gemconsortium.org/download/1283098178503/GEMREPO8:PDF> Retrieved 10<sup>th</sup> June 2010

Award, which is given to outstanding entrepreneurs who have achieved great success in their industries. Although there are more female entrepreneurs active in Ireland, the male counterparts still exceed them. Irish men are almost 3 times more likely than Irish females to become active entrepreneurs. The differences between male and female Irish entrepreneurs shown in Table 3.3 show that the percentage of females entering into entrepreneurial activity has been at a steady pace over the past five years with the peak in 2007 of 5.9%.

Daunt Huber, European Commissioner responsible for Regional Policy, addressed the issue of gender equality at a conference in Stockholm in October 2006, discussing the new “Gender equality in Cohesion Policy 2007-2013” and discussed the policy developed to ensure gender equality in business environment. Gender has in previous decades been a barrier to entrepreneurs but with the help of such policies, gender will not be a barrier to any entrepreneur.

The Author came to the conclusion that gender, as a barrier may be entrepreneur specific depending on their chosen industry and also their relevant business knowledge. After reviewing the Gender equality Cohesion Policy 2007 – 2013, more female entrepreneurs will have the support system and be encouraged to enter into business.

Barriers in business as a research topic is a vague and undefined topic to explore (Gnyawali and Fogel, 1994). Many people will interpret barriers differently and an entrepreneur will see a barrier in a different way than a non-entrepreneur. Krueger and Brazeal (1994) explore the vagueness that is non-identifiable in each barrier. Each entrepreneur will translate a barrier differently, how the entrepreneur deals with the situation and challenge will inevitably determine his or her success. In some situations entrepreneurs will not see an issue as a risk and the same issue will be identified as an enormous risk to a non-entrepreneur. Shaver and Scott (1991) explore the prospect of how risk can be interpreted differently by each individual.

There have been a number of barriers that have become more prominent in the aftermath of the Irish recession.

When the interviewees were questioned on the effect the recession is having on their business, a number of respondents stated there has been a decrease in sales in their

industries. Customers and clients no longer have the freedom to spend their money on luxuries and this is reflected in certain industries i.e. catering, retail, printing etc. Customers and clients are constantly seeking the best value for their money. This reflects the effects of the recession where customers are no longer loyal to one store or specific brand but are in search of getting the best value for them. Customer service needs to be at its strongest during the recessionary times in order to build a relationship with customers to ensure a repeat patronage. Businesses need to treat each individual sale as a series of potential sales.

*“Tough times are a great time to reinforce to everyone in the organisation that they are there to serve customers – that the company isn’t going to abandon customers either”.*<sup>41</sup>

### **5.3 Conclusion**

To complete this chapter, the Researcher has explored all the relevant literature in the literature review and compiled new data collected in the research findings through a mixed methods methodology. In exploring the findings it is apparent that in the time frame of a recession, barriers to entrepreneurship are extremely intensified and Irish entrepreneur are currently struggling to find ways to continue to develop in the current economic climate.

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<sup>41</sup> Don’t Let Layoff’s Ruin Customer Service <http://0-web.ebscohost.com.library.gmit.ie/ehost/pdfviewer> Retrieved June 7th 2010



## **Chapter 6. Conclusion and Recommendations**

After completing this research with the primary research objective in mind, “*A cross-industry investigation into the barriers facing entrepreneurs during a recession*”, the Researcher has concluded that in the aftermath of a recession, the barriers facing entrepreneurs increase and intensify dramatically.

The primary objective of conducting a cross investigation into barriers facing entrepreneurs in a recession was achieved and the findings were compiled in chapter four research findings. The Author developed a questionnaire and distributed it to thirty Irish entrepreneurs and conducted nine semi-structured interviews face-to-face with nine Irish entrepreneurs.

The findings of the research also addressed the secondary objectives. The findings suggest that there are certain barriers that become more pronounced during a recession. The primary barrier that became pronounced for the respondents was issue regarding finance. This barrier is the most common and perceived barrier in entrepreneurship and in most circumstances is also the most talked about.

After completing the research the Author also concluded that many barriers are industry specific. The industries that became more affected by the barriers were service and retail industries. The catering company and pharmacy were suffering as a direct result of the Irish economy entering into a recession. They had both lost significant sales and customers due to the change in customers spending behaviour.

The recession has had a dramatic and significant effect on the Irish economy and as result has impacted businesses across the country.

This current research has found that after interviewing nine entrepreneurs and developing a questionnaire and distributing it to thirty entrepreneurs, the barriers facing Irish entrepreneurs intensify during a recession with some industries facing more challenges than others.

## **6.1 Recommendations**

After completing the research the Author has developed recommendations that in her opinion would prevent barriers impacting Irish entrepreneurs

- Encouraging Irish entrepreneurs to be forthcoming with their issues and sourcing any support that is relative to their cause
- The Irish nation should be welcoming and support female entrepreneurs into the economy as they
- Irish entrepreneurs need to become more competitive and innovative to survive the recession

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## 1. Appendices

### Appendices A: Thesis Questionnaire



### Questionnaire: A Cross-Industry investigation into the barriers facing entrepreneurs during a recession

To whom it may concern,

I have developed this questionnaire as part of my MBS (Masters) course in Strategic and Innovation Management in GMIT. The results of the questionnaire will be used to help construct my thesis, which is examining the barriers to Irish entrepreneurs during a recession. I would greatly appreciate it if you would take the time to answer a few questions in the following questionnaire.

Kind regards,

Aideen Mulkerrins

Questionnaire: A Cross-Industry investigation on the  
barriers facing entrepreneurs during a recession

Name: \_\_\_\_\_

Age (when opened business): \_\_\_\_\_

Education/ Background \_\_\_\_\_

1. Are you currently in business? (Please tick✓)

Yes   No

2. If yes, what is the nature of your business?

\_\_\_\_\_

3. What traits/ characteristics do you as an entrepreneur feel you possess?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. What were your motivations to become an entrepreneur?

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Do you feel that gender is a barrier in your industry?

Yes  No

6. Why?

\_\_\_\_\_  
\_\_\_\_\_



7. What challenges (barriers) if any, do you feel you faced in establishing and developing your business?

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8. What strategy did you use in overcoming the barriers you faced?

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9. If you came across those barriers today, would you use the same method in overcoming those barriers?

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10. Has the recession had an effect on your business?

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11. What recommendations do you feel may improve the situation?

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12. In the start-up stage of your business did you avail of any state support? (If yes, please elaborate.)

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13. Having successfully opened your business, would you change any aspects that you underwent during start up stage? E.g. avail of state support

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14. What recommendations would you have for entrepreneurs actively planning to establish a business in 2010?

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Thank you for your time!

## ***Appendices B***

### **Exploratory Research: Semi-structured Interviews**

- What is your age/ experience?
- Are any members of your family entrepreneurs?
- Have your qualifications in your industry?
- What is the Nature of your business?
- When did you begin your business operations?
- Did you face any barriers during your business experience?

**In what way has the recession affected your business?**