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From An Idea to A Start-up:
Barriers and Solutions for Undergraduates as Potential Entrepreneurs in Vaasa

Business Economics and Tourism

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Yhä useammat oppilaat suositavat ajatusta yrityksen perustamisesta Vaasaan. Tiedon puute aiheuttaa kuitenkin usein ongelmia oman ihanteellisen yrityksen perustamisessa. Tämän ongelman ratkaisemiseksi olisi suositeltavaa käyttää benchmarking-menetelmää, yritysten toimintatapojen oppimisesti. Tämän työn tavoite on kartoittaa esteet yrityksen perustamisessa Vaasassa, ja etsiä niihin ratkaisuja


Keywords: entrepreneurship, barriers, solutions, start-up
The purpose of this thesis was to explore barriers and seek for solution as starting small venture in Vaasa. As the trend of establishing a business in Vaasa among students is becoming more and more popular. However, lacking know-how knowledge causes difficulties or barriers in forming their own idea and a real business. In order to solve this short-coming, benchmarking is suggested.

Case study was adopted as research strategy, a document and semi-structure interview with Stefan Jungar and Nga Nguyen as two students creating their own venture; and Margi Niemelii, a university lecturer in entrepreneur topic. Documentary method was based on business journals, books and many other reliable online sources. Three semi-structured interviews were carried out to increase the realism of research finding about business practices. The samples were chosen through purposive sampling.

The results in analysis section indicate barriers as well as solutions. Barriers are mainly related to knowledge, language and culture, entry to the market. Being an entrepreneur requires know-how knowledge, hard work, devotion, determination and passion. Solutions are suggested: segmenting the market to increase competitiveness, evaluating the idea carefully to lower the risks, learning a country culture and language by joining in its local community groups and gaining experience in the field before creating one’s venture.

Keywords: entrepreneurship, barriers, solutions, start-up
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1 INTRODUCTION

1.1 Research Background

The global economy has accelerated at such a great pace that it is not difficult recognize the change. It took human beings 8000 years to evolve from agriculture to the start of industrial period, and more than 120 years later to invent the first light bulb. After 90 years, moon landing became true with Neil Armstrong as the first human landed on the Moon. Shortly, 22 years later, the World Wide Web innovation connected people throughout the world. Following the flow of growth, Peter F. Drucker (1985) pointed out that there were more inventors than innovators, more speculators than entrepreneurs. In addition, high technology industry has witnessed many cases where inventors rose from rags to riches, and back to rags again in a short time. On the other hand, the world population has increased dramatically, which is resulting in insufficiency of jobs needed to grow the economy again. Obviously, small and medium-sized enterprises act as a key factor in job creation and economic growth. One country where entrepreneurship is important is Finland. According to Federation of Finnish Enterprises, 93.3% of Finnish companies have fewer than 10 employees in the total of 322,183 enterprises, which requires more researches into this area.

1.2 Research Problems and Objectives

Since the global economy is on a downturn with a high rate of unemployment, being employed by large corporations does not seem to be an ideal option anymore. More and more students start their own ventures as undergraduates or graduate students. They consider it as a way to gain finance, security of employment and control. However, the rate of bankrupted firms announced every year is still high, which is due to various reasons. Generally most of them are related to ideas, knowledge and finance. Thus, a practical guideline for students is necessary, which leads to the research topic: “What barriers may undergraduates encounter before they start a micro enterprise in Finland? What are solutions for that?”
This topic aims to detect and discuss barriers and solutions that undergraduates have commonly had when establishing a business in Vaasa, Finland. Furthermore, risk and failure should be perceived from different dimensions, so that the students can acquire appropriate attitude towards entrepreneurship. Students need to have essential skills which can be obtained from education to minimize risks. Solutions are sought from professionals, which can be taken as a practical reference for potential enterprises.
2 LITERATURE REVIEW

2.1 Entrepreneurship Concept

2.1.1 Definition

The word entrepreneur is derived from the French word “entreprendre” which means undertake. Joseph Schumpeter in his theory of economic development defines it as: the carry-ing out of new combinations (of means of production) we call ‘enterprise’; and the individuals whose function it is to carry them out we call ‘entrepreneur’.

In the 1980s, Peter Drucker, who is well-known as the Father of Modern Management, defines entrepreneur as a person who “always searches for change, responds to it, and exploits it as an opportunity”. Entrepreneur is perceived as an individual who starts his own venture in which he organizes, manages and assumes risks of a business. In today’s economy as more and more people get involved in business, entrepreneurs are seen as innovators and developers. They have the ability to recognize and seize the opportunities which others can not realize; then they turn opportunities into profitability by utilizing knowledge and skills. Hard-working, persistent, intuitive, devoted and different, etc. are the most frequently described factors in entrepreneurial traits. Entrepreneurship has been defined by Drucker as ‘any attempt to create a new business enterprise or to expand an existing business by an individual, a team of individuals or an established business’.

The economist Joseph Schumpeter first invented the term “creative destruction” in his book Capitalism, Socialism and Democracy in 1942. By “creative destruction”, he means that the establishing a new venture or market will lead to the destruction of the present ones which can not satisfy the market anymore. In other words, entrepreneurs’ job is to create new goods or services or new business mod-
els while eliminating the existing ones. They are no longer considered as a merchant who buys and resells products.

2.1.2 Entrepreneurship at Micro-Level

According to European Commission (EC), micro-, small and medium-sized firm can be defined as following:

<table>
<thead>
<tr>
<th>Category</th>
<th>Headcount</th>
<th>Turnover or</th>
<th>Balance sheet Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium</td>
<td>50 – 249</td>
<td>&lt; €50m</td>
<td>&lt; €43m</td>
</tr>
<tr>
<td>Small</td>
<td>10 – 49</td>
<td>&lt; €10m</td>
<td>&lt; €10m</td>
</tr>
<tr>
<td>Micro</td>
<td>0 – 9</td>
<td>&lt; €2m</td>
<td>&lt; €2m</td>
</tr>
</tbody>
</table>

In addition, in Bolton Report (1971), a small firm is characterized by 3 main factors:

- Small firm is managed by its owner in his/her own way
- In economic terms, it shares a small part of the market
- It exists independently, which means the owner has the whole decision-making right

In this thesis, since it is common for a graduate to start a venture as self-employed, the scale is limited to a company at the micro or small level. The concept of micro and small enterprise or business will be utilized interchangeably. Furthermore, the business sector mainly is in service or food and restaurant.
2.1.3 Stages of Entrepreneurship

This thesis will focus on the stages of Awareness – Idea – Intention – Preparation – Start-up as shown in Table 2.1. And it will also assume that start-up business will remain static for first few years.

Table 2.1: Business path from concept

The awareness stage deals with the preparation of a medium for the creation of a venture (Simon Bridge et al., 2003, pp.192). Awareness is raised under influence of varied environmental factors such as educational background, family and religious background or earlier career experience (Arnold C. Cooper, 1973).

The idea and preparation stage is referred to as pre-start where ideas are filtered to spot an opportunity in the market and a plan is drafted. Besides, in the preparation
stage, an individual needs to equip oneself with know-how knowledge (Simon Bridge et al., 2003, pp.194). A start-up’s chance of success is formed by a new venture idea plus entrepreneurial know-how and entrepreneurial know-who (Simon Bridge, 2003, pp.195, adapted from R. Peterson and R. Rondstadt).

2.2 Entrepreneurship in General

2.2.1 Trait of Entrepreneurs

Many researchers have worked on finding out what has made entrepreneurs in order to obtain a proper attitude towards predicting future entrepreneurial success. Different surveys conducted globally lead to a wide range of ideas about an entrepreneur’s traits. There are four main schools of thoughts mainly used for the start-up stage discussed. Firstly, the “Great Person” school of thought refers to the point that entrepreneur is nature not nurtured. They believe skills such as creativity and determination are innate; and also the risk-take ability is inborn. Thus, only those who are born with that can become entrepreneur. The second school of thought, psychological characteristics points out a set of specific characteristics will determine who can be an entrepreneur. In general, they have high need for achievement, locus of control, ambiguity tolerance, etc. They emphasize that establishing and running a venture and taking risk are not the same as gambling with rolling a dice. In other way, risks must be analyzed carefully before making any entrepreneurial decision; and there are many levels of risk that an entrepreneur can choose from, for instance, moderate risk. Thirdly, classical school of thought concentrates on creativity and innovation, which are identified as key factors in effectual entrepreneurship. The forth school has a firm standing point of management skills. A presenter of this school is Bird B. (1988) who stated that an individual needs to have a clear strategy for his entrepreneurial success, including a business plan, the ability to analyze opportunity, resources and the will to work hard towards the set goal. This school of thought points out that entrepreneur can be nurtured by education and environment. At school, students have gained differ-
ent sets of skills and knowledge which are essential in analyzing and thinking critically. This point is proved by the fact that a great number of ventures fail every year due to the reasons of lacking financial management or marketing failure or poor decision making.

In 1993, Krueger’s model combined all of the four ways of thinking to form a wider view on entrepreneurial activities at the start-up stage as shown in Figure 2.2. Krueger believes that by acquiring knowledge, experience and skills, a person can develop his or her characteristics which later are more suitable to becoming an entrepreneur. According to him, personal desirability refers to affective and evaluative attribution initiate entrepreneurial behavior to start one’s own business. Chen (2006) refers to a social norm as “reference people would approve of decision to become an entrepreneur or not”. Self-efficacy is a person’s capability of performing a task; in addition, feasibility is defined by Longman dictionary as a plan or an idea or a method which is possible and likely to work. As a person gains skills and abilities in performing multiple tasks which play an important part of a venture, he or she can recognize and evaluate the worthiness of an idea or a plan that leads to forming entrepreneurial intention.

**Figure 2.2:** Krueger’s Model Trait of Entrepreneur
A recent study by psychologist Carol S. Dweck of Standford University remarks that a person can change his personality. It is believed that personality is formed by one’s beliefs; yet beliefs are strongly influenced by experiences gained during lifespan. In other words, personality is changeable and flexible. This finding strengthens Krueger’s theory in forming entrepreneurial intention which later leads to creating a business.

Despite of many researches in the field, there is still no specific trait to describe or predict in a successful entrepreneur. Nonetheless, researchers have agreed on very common characteristics that they have found from the majority of entrepreneurs.

### 2.2.2 Motivation

Recently three concepts have been discussed the most when searching for entrepreneurial motivation. They are locus of control, need for achievement and autonomy.

a) Locus of control: Locus of control is a term in psychological field developed by psychologist B. Rotter in 1954. Locus of control refers to main underlying reasons of occurrence in a person’s life. There are categorized into two groups: internal locus of control and external locus of control. Individuals with strong external locus of control have a faith on destiny which plays important role in their success. On the contrary, people with high internal locus of control believe in the ability of controlling their own destiny. They know that with specific tools and methods, they can change their fate. They do not simply believe in fate without any clue, yet working hard and concentrating on their aims will bring victory. Moreover, in the case of a failure, they look for the root of issue from inside themselves instead of blaming luck or external factors.

b) High need for achievement: According to McClelland (1961), a person with high need for achievement is reliant on his or her own abilities. In Maslow’s Hierarchy of Needs, esteem and achievement belong to one of two of the highest needs of human-beings. Self-esteem or self-worth is what people think about them-
selves. People who are perceived to have a high self-esteem are optimistic and confident with their ability; in addition, they accept who they are as well as do not worry about what others think about them. Everyone has a need for achievement. A student has a need to earn good grades at school as a way to measure the effectiveness of the studying process. In that sense, through effort and hard work, he/she gradually gains experience and confidence in reaching his/her goals. Similarly, enterprising people have high need for achievement. When Lord Young mentioned enterprise, he meant that enterprising people preferred taking action “get up and go”, not being idle “sit back and accept it”. By setting small tasks, entrepreneur step by step achieves his/her goals. An idea is only an idea until that person start to draft a plan, find resources and transform it into a venture with profitability.

c) Autonomy: As defined by Longman Dictionary, autonomy of a person refers to the ability to make decision by his or her own without being controlled by anyone. Effectual entrepreneurs are preferred to have high desire for autonomy or “I do it my way” style. According to one survey related to entrepreneurship, a group of interviewees when asked what autonomy means to them, 44% answered that autonomy refers to making one’s own decision on his or her working goals and methods. In other words, autonomous individuals do not let people decide their fate; they prefer to working for themselves in the way they want it to be. In some cases, there are individuals saying that they cannot bear working under the authority of other people.

2.2.3 Risk and Uncertainty

There is a difference between risk and uncertainty. Uncertainty is a circumstance in which no historical data has been recorded in order to help decision making process. Furthermore, it is impossible to model or predict uncertainty because uncertainty is either not known or impossible to know. In the contrast, risk is unknown with variance and possibility. When starting a new venture, a person has to encounter the risk of wasting time and money, missing a chance to do something
else. Moreover, suffering peer pressure if failure happens which contributes to the risks. Risk, by the contrast with uncertainty, can probably be defined as well as measured.

When starting a new business for the first time, a student will probably encounter many risks as well as uncertainties; especially foreign students. Several can be named here. First, the risk of not having enough customers to generate revenue is likely to lead to financially hard times, even to the possibility of bankruptcy. Secondly, shortage of supplying or discontinuity from supplier for some unpredicted reasons can also affect the whole business. For example, an oriental restaurant imported food from an Asian supplier who has been selected very carefully from the aspect of price and quality. After several months of operating, there occurs a shortage of supply which obviously has a negative impact on the whole business. The business has to go through the selecting process again which costs resources. Thirdly, it is common that start-ups have a hole in managing the company’s finances since they don’t have a clear goal in this perspective. It is crucial to know where the money goes and how it is going to generate sales in as detail as possible. Last but not least, loss of interest or motivation of a partner (if have) or the entrepreneur himself can also lead to the short life of a business. That can also be counted as a risk.

2.3 Informational Barriers

2.3.1 Idea Generation

New ideas come from many sources. According to Peter Drucker, there are seven sources of innovative opportunities: The unexpected, incongruity, process need, industry and market structure change, demographics, changes in perception, meaning and mood, new knowledge. However, three sources found the most relevant to this thesis are: demographics, changes in perception and industry and market structure change.
Demographics are related to characteristics of the world’s population, which are changing constantly. These changes have a great impact on industrial market in the aspect of products and services desired. Change in perception is believed to be the change in one’s view of reality. It can occur by either seeing with eyes, smelling with nose, hearing with ears, feeling with skin or tasting on tongue. If a customer’s perception alters, what he values or believes in or what he cares about also changes. Industry and market structure change normally happens as there is change in technology. As the wide spread usage of the online newspapers has caused a huge number of traditional news agents to shrink while electronic news or articles have kept expanding. The change in consumer’s values and tastes probably opens door for new ventures. For example, in Vaasa area, with the appearance of many oriental food restaurants, the area population has been educated at Asian food. Those who love Asian cuisine will think of purchasing ingredients for home-cooking, which has resulted in the increasing need for them within past few years. Importing food categories such as soya sauce, tofu, sushi rice, condense milk, noodle, rice noodle, etc. has become one of business opportunities to exploit. Beside Asian Market or Hot Curry Shop, Uncle Woo is one of those exploiting this market by importing food for reselling in Vaasa. It is demand that creates supply.

Any venture is created with a business idea. Basically, ideas are always the very first milestone of a successful enterprise. In this thesis, the term business idea can be understood as a solution for a need or a problem existing in the market which is unmet. Many students believe that a great business can only be rooted from a great idea. That’s merely half of the truth since that perception definitely prevents them from further thought of it. Lately, thousands of articles and researches have proved that a one-million-worth venture can start from single simple idea. Moreover, business concepts are changing all over time. For example, Colgate company first products were soap and candle; then they switched to oral hygiene products such as toothpaste and tooth brush. Nokia once was a sawmill company before turning into a world well-known telecommunication corporation with their
phones. According to Entrepreneur magazine, more than 28 million SMEs in the US begin their venture with a simple idea. The magazine also has a distinguished column suggesting different business ideas which can be turned into practice. Based on an article by R. Lessem, “Getting Into Self-Employment”, sources of ideas common in small business can be approached as turning a hobby into a business, buying an existing business, doing a franchise, creating a business of your own, or developing a person’s vision, matching personal and market potential etc.

As Amar Bhide mentioned in his work, that “individuals who seek entrepreneurial opportunities usually generate lots of ideas”. Furthermore, there is no good or bad idea, only the process or execution makes a difference. Practice proves that a brilliant idea can turn out to be a bad one. On the other hand, a common idea that many people are likely to come up with can make a good fortune. Hence, undergraduates need to equip themselves with specific characteristics together with the skills of know-how and know-who in order to transform an idea to a venture by taking action. At the end, an enterprise is about “roll your sleeves on” and make things happen.

2.3.2 Know-How Knowledge

Know-how knowledge includes knowledge and skills which are needed for a successful business. They are at least four dimensions mentioned in the work of R.E. Boyatzis related to a model for effective performance: functional knowledge, business and strategic awareness, generic management knowledge skills and personal competencies.

The first dimension, functional knowledge and skills can be understood as technical knowledge and skills that a business owner needs to possess to apply in his or her business. For instance, a bakery owner is expected to obtain necessary baking knowledge and skills which enables him or her to produce cakes for sale. In fact, many small business owners have experience in their field which vastly con-
tributes to their success in the entrepreneurial path. Although it is possible to hire employees with technical skills, rarely does any micro start-up do so because of profitability concerns.

The second dimension is business and strategic awareness. This includes the ability of understanding the big picture, conceptual skills, analysis, synthesis, creativity, and opportunity-spotting. As in the term strategic awareness, both strategy and awareness must be allied perfectly. An entrepreneur is viewed as having an awareness of the possible future, knowledge of an industry as well as the global trends. However, he or she also needs to have a well-judged strategy to process the idea; so that the idea will be brought well into the real world. A person with awareness of possibility will talk on and on about his or her vision and aspiration but rarely do anything to make it come true. On the other hand, a person with only a strategy without awareness will only focus on existing strategy which he or she thinks it is the right way to do things. The question “what else is possible?” is normally ignored.

Thirdly, generic management knowledge and skills are considered as one of determinants which lead to the success of an enterprise. These skills include planning, organizing, managing time, negotiating, coordinating resources, solving problems. Working as an entrepreneur means that a person has to establish a systematic map of actions to ensure accomplishment of business objectives, make multiple decisions from the least important ones to the most important ones almost every day, cope with different types of people from sellers to buyers, allocate time and resources effectively etc. Another aspect which has been discussed a lot so far is the management of time and stress. Being self-employed means that an individual has to do things from scratch such as designing his/her own work and schedule, prioritizing tasks, limiting time budget for entertainment, family, friends, etc. Therefore, it is very crucial that he or she learns how to manage time and stress well in order to avoid burn-out, which later can result in an unhealthy enterprise. Finally, entrepreneurs are meant to enjoy their work, not to suffer. As
Sir Branson, known as the founder of Virgin Group, defines success “the more you're actively and practically engaged, the more successful you will feel”

The final dimension is personal competencies. They include the proper attitude towards doing business such as enthusiasm and commitment, result oriented mindset, initiative, interpersonal skills etc. Being initiative means to be self-directed, able to recognize and act on opportunity or minimize problem. If a student becomes a self-employer, there will be no supervisor who tells him/her what the goal is and how to reach it. Instead, he/she must evaluate and act on various strategies in order to solve problem and establish the objectives. Therefore, obtaining self-knowledge through self-analysis plays an essential role in the entrepreneurial path. If students know their own strengths and weaknesses, they can maximize strengths and minimize weaknesses. For example, an entrepreneurial mindset student recognizes that he/she is not good at planning/organizing, which will affect his future business in a sense that he/she hardly meets deadline for the specific objective. Since planning/organizing is a skill, he/she can acquire it from different sources such as books, tips from the internet or experienced people. The point here is that as long as he/she has self-awareness and desires for improvement, he/she can equip self with skills in order to achieve the goals.

2.4 External Barriers

2.4.1 Culture and Language (Environmental Barriers)

As dealing with entrepreneurship in international context, the most mentioned factors are language and culture. From a perspective of a foreign student running a small business in Finland, language skill is a must. Language is defined by Longman, Dictionary of Contemporary English, as “a sys-tem of communication by written or spoken words, which is used by the people of a particular country or area”. Skill is “an ability to do something well because you have learned and practiced it”. In an international context, according to Clarke (1999), language skills have a noteworthy role in contribution to success. It hap-pens in several ways
such as enhancing the availability of market information to the entrepreneurs, improving negotiation skills and understanding business partners better. Also mentioned in other researchers’ works, linguistic ability is not only a tool for communication but also the “bridge to culture” (Morgan, 1997; Wright & Wright, 1994). Even though English language plays a dominant role in the global trade, learning languages used in local market (Finnish and Swedish in this case) can foster the success of the venture. Williams & Chaston (2004) pointed out that being command of foreign languages may facilitate a “more general cultural sensitivity” and narrow psychological distance gap from trade partner. Their research also found out that those entrepreneurs achieving success in the foreign market usually possess foreign language skills as a way to gain rapport. Culture is a set of beliefs, values and norms shared among a group of individual, usually within a geography setting (Hofstede, 1980). People from different cultural backgrounds value things differently. A specific thing can be valued more in one nation, but less in other nation. Thus, gaining knowledge of a country’s culture is a must when creating a venture in the country. Learning a foreign language means to gain insight into its culture. The lack of language knowledge leads to difficulty in communications, which may prevent a venture from reaching various target groups, accessing to networks, building rapport in the local market, outsourcing effectively and efficiently, etc.

2.4.2 Entry Barriers

Entry barriers are obstacles which have an impact on the chance of an entrepreneur gaining a foothold in the market (Soren Hougaard, 2005). Below in Table 2.4 there are five sources of barriers to entry listed by Porter (1980)

<table>
<thead>
<tr>
<th>Table 2.4: Five sources of barriers to entry listed by Porter (1980)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economies of Scale</td>
</tr>
</tbody>
</table>
vice as the volume per period increases. It can be recognized in every aspect of a business from manufacturing, purchasing, researching or marketing, etc. Entrant needs to come in the market at large scale, thus highly risky as facing strong reaction from existing companies. Or as small scale but at cost disadvantage, like higher price. In other words, small scale entrants have difficult time in getting comparable prices.

<table>
<thead>
<tr>
<th>Product differentiation</th>
<th>This refers to the fact that established firms have brand identification and customer loyalties through their past advertising, customer service, product difference. Or it is the first entrant in the market. Differentiation is a barrier in the sense that entrants have to invest money and time a lot more in order to gain customers’ share of wallet. For instance, the first entrant into the market spends more on marketing to build brand and customer’s base.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital requirement</td>
<td>The need to invest large financial resources in order to compete also creates a barrier to entry. Capital includes production facilities, customer credits, inventories or covering start-up losses.</td>
</tr>
<tr>
<td>Switching costs</td>
<td>The cost that customer has to pay once as they switch from this supplier to another supplier. For example, cost in retraining employees in using new IT system, install the whole new system, etc. They are buyer’s risks.</td>
</tr>
<tr>
<td>Access to channels dis-</td>
<td>If entrants have a need for one to several distribution channels, an entry barrier will occur. For example, an</td>
</tr>
</tbody>
</table>
entrant in tea market needs to persuade retailers to give him a place in their shelf which is full of other existing firms’ products. He can do that by providing them incentives such as promotions, profits ratio, etc.

2.5 Opportunity Evaluation at the Preparation Stage

2.5.1 Environment

The first aspect in dealing with opportunity evaluation is to consider the environment to answer the question “Where are potential customers for the business?” In his Principles of Marketing book (2012), Philip Kotler defines consumer behavior as “the buying behavior of final consumers - individuals and households that buy goods and services for personal consumption”. In another word, the decision process and action of people involved in buying and using products are defined as their buying behavior. Before making any purchase decision, customers will go through different stages of need recognition, searching for information from references (family, friends, colleges, etc.), evaluating those options, making a buying decision and using the products/services, and finally post purchase behavior. Though analyzing what customers are willing to pay for the products or service is complex, getting deep understanding of their purchasing behavior is necessary for a successful start-up. Hence, students must examine main influences on what, where, when and how customers buy from them.

Three of the most mentioned types of consumer buying behaviors (Philip Kotler, 2012) include:

a) Routine response behavior refers to frequently buy low-cost and low-risk products that need little search and effort. For example, dairy products such as milk or bread are purchased without second thought or even reference from other sources.
b) Limited decision making refers to buying occasionally at a rate of moderate amount of time and effort. For instance, purchasing a blender for kitchen use requires buyers to spend time searching around for good quality at a reasonable price.

c) Extensive decision making refers to high-risk and expensive and unfamiliar products/services. For example, purchasing a car or a house will demand for great effort and much time.

In conclusion, consumer buying behavior depends on what kind of products or service the new business offers to customers.

2.5.2 Need or Problem

In this thesis, need or problem can be understood as the demand unmet in the market. Entrepreneurs will fulfill that need or solve the problem by offering a solution which can be a product or service or both. Needless to say, identifying that unmet need is a complex and time consuming process. Even though entrepreneurs are at their start-up stage, they still have to modify the business concept, products/services, group of customers, etc. all the time to survive for next five years. Students can put effort in searching for need or problem that is unseen by others by observing or interviewing potential group of customers.

In his book “Innovation and Entrepreneurship”, Peter Drucker (1984) suggests seven sources of potential opportunities. They are the unexpected, the incongruous, the process need, industry and market structure change, demography, change in perception and new knowledge. In this thesis, it is believed that the most relevant sources of ideas come from demographics, change in perception and industry and market structure change. Demographics refer to the characteristics of the world’s population which are changing. These changes have a great impact on industry market by altering types and quantity of products and services desired and customer buying power. Change in perception is related more to the psychological aspect. Perception refers to “the process by which people select, organize, and in-
terpret information to form a meaningful picture of the world” (Philip Kotler, pp.148). In other words, perception is one’s view of reality, what they value, believe in and what they care about. Those factors will influence on their buying decision. As customers’ perception changes, there will be a chance to sell to them. Industry and market structure change can be understood as changes in technology will result in changes in the whole industry structure. Moreover, change in consumer’s value and tastes can shift structure of industries and market.

One example can illustrate the three sources of opportunities mentioned above. Asian cuisine has been existed in Vaasa for over five years, but has only become well-known over past three years. The existence of restaurants serving various cuisines from Thailand, Vietnam, China, Japan, etc. has educated Vaasa consumers in Asian cuisine. People eat at restaurants; they love the food, and some would want to cook at home, for example, economical reasons, which leads to demand for dried grocery. Customers are becoming more and more familiar with Asian ingredients, which now are seen in Finnish supermarkets and oriental shops. In addition, the population in Vaasa is increasing fast with Asian residents. They include students, workers, or immigrants, etc. who contribute to a diversified culture pool in Vaasa.

2.5.3 Customer Analyzing

After generating a venturing idea by seeking from market opportunities, there comes to the third step which analyzes potential customers. It is recommended to segment potential customers into three groups: primary, secondary and tertiary. Primary group is the most important customers to your business. Consumers belonging to this group are those frequently purchase products/services which helps the start-up business to preserve margins as well as reach revenue. For example, a customer can be listed in this category if he purchases lunch five times per week from a fast-casual restaurant. When identifying characteristics of this primary group, business owners can design and market their products or services in a proper way. Secondary group are those who probably share similar characteristics
with the primary group and find your product/service appealing; however, they, for some reason, do not buy frequently from you (purchase rate can be once or twice a week). For the purpose of growing revenue as well as expanding business, the enterpriser needs this group. Tertiary group needs the least attention because they are least willing to purchase from you. In other words, they can be foreseen as an unprofitable group. In spite of that fact, a start-up should keep an eye on them as their business concept will be adjusted and refined over time. The least potential group can turn out to be the most profitable group in time.

It is very common that many small start-up businesses aim at everyone because they see potential purchase power from everyone, especially in the food industry. If a product/service aims to satisfy everyone, finally it is sold to no one. Understanding who the core customer is will enable an enterprise to invest effort and resources much better to reach the potential customers. Chili and Lime restaurant in Vaasa is a good illustration in this case. Their primary group includes office workers, teachers etc. working nearby. Their primary group shares the common characteristics such as they have lunch in the restaurant more than three times per week, they like Asian food with a good combination of varied vegetables and meats, they do not like to have the same meal every day. The secondary group might include part-time employed students who prefer to eat out several times per month with friends; even though they enjoy the food and atmosphere in the restaurant, they like to visit different restaurants for diversification. The tertiary group may be students who do not have a monthly income, they like to eat at Chili and Lime for food quality, but can barely afford to do so often. As recognizing the attributes of three groups, the restaurant owner can choose the outlet design, advertising, menu, theme colors, etc. which aims to the primary group for the best effect.

One way to discover the needs and problems is to interview prospective customers carefully in order to identify the potential customer group. What characteristics of the customers make them have the need? What makes this need/problem im-
important to the customers? What might happen if the customers adopt a solution to this need? The results of the interviews should provide evidence that customers will pay money, effort and time for the offered solution. Furthermore, the number of customers who are willing to pay for the offered products/services can be assured if the opportunity is qualified.

**Table 2.5:** Common demographic/psychographic categories (Adapted from Entrepreneurship, D.Bygrave, William. John Wiley & Sons, 3rd Ed.)

<table>
<thead>
<tr>
<th>Demographics</th>
<th>Psychographics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>Social group (white collar, blue collar, etc.)</td>
</tr>
<tr>
<td>Gender</td>
<td>Lifestyle (mainstream, sexual orientation, materialistic, active, athletic, etc.)</td>
</tr>
<tr>
<td>Household Income</td>
<td>Personality traits (worriers, shy, extroverted, etc.)</td>
</tr>
<tr>
<td>Family size/ family life cycle</td>
<td>Values (liberal, conservative, open minded, traditional, etc.)</td>
</tr>
<tr>
<td>Occupation</td>
<td></td>
</tr>
<tr>
<td>Education level</td>
<td></td>
</tr>
<tr>
<td>Religion</td>
<td></td>
</tr>
<tr>
<td>Ethnicity/heritage</td>
<td></td>
</tr>
<tr>
<td>Nationality</td>
<td></td>
</tr>
<tr>
<td>Social Class</td>
<td></td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
</tr>
</tbody>
</table>

**2.6 Role of Education in Entrepreneurship at Micro-Scale**

Sir Branson, known as the founder of Virgin Group combined of 400 companies, strongly believed that “going to a university or a business school” is “waste of time” if one want to become an entrepreneur. Simply that person should “get on and do it”. That is just a part of the truth, and that truth is not applicable to everyone. According to a research by Verheul et al. (2001) education plays an im-
portant role in facilitating entrepreneurship. In Global Entrepreneurship Monitor, Reynold et al. (1999) pointed out that education can enable sense of autonomy, independence, and better self-confidence of an individual, which is necessary to start a business. In addition, education can exceed the limit of their knowledge, experience or interest. Education system is designed to equip students with capacity to spot the entrepreneurial opportunities as well as develop qualities important for entrepreneurs.

College or university level is where an individual explores himself or herself. There are five stages of entrepreneurial path in educational form. At third level, the final stage before establishing one’s own business, a person is supposed to gain creativity during his or her studying time at college. There are many definition of creativity that can be found from different areas like business or psychology, or art and literature, etc. Longman dictionary defines creativity as “the ability to use your imagination to produce new ideas, makes thing and etc.” Robert E. Franken also defines creativity “as the tendency to generate or recognize ideas, alternatives, or possibilities that may be useful in solving problems, communicating with others, and entertaining ourselves and others”. Being creative can be understood as generating new ideas and concepts, or making a link between ideas and concepts to produce such a non-existing idea.

Components of creativity provided by Teresa Amabile (2012) shows three main aspects: Expertise knowledge included technical, procedural and intellectual; creative thinking skills and the degree of flexibility, imagination; and motivation with intrinsic and extrinsic values. Therefore, the link between creativity and education is visible. At college, an individual is equipped with expertise knowledge. For example, courses in marketing, financial accounting, entrepreneurship etc. teach students how an organization is established and operates. In another way, they learn expertise knowledge which familiarizes them with the working environment. Project work gives them the opportunities to work in a group, to think and absorb different ways of thoughts from teammates. To be creative, a person should try to
apply new methods to complete the assigned tasks, and eventually it is possible to come up with an improved operating method. Furthermore, he/she needs to learn how to devise ways to approach existing problem/need in order to add value to it, for example, in the case of customer satisfaction.

“I define creativity as the act of turning new and imaginative ideas into reality. Creativity involves two processes: thinking, then producing. If you have ideas, but don’t act on them, you are imaginative but not creative.” said by Linda Naiman, founder of the Creativity At Work organization. Therefore, it is necessary to let undergraduates be aware of the outcome of any course they take. As in an enterprise, a person is creative only when he or she has that imaginative idea implemented into reality, and making it happen. Academic environment is healthy for networking and having an enterprising dream come true. This is evident from many successful businesses that are started up from a university or college campus. College is where students can pilot their ideas and gain support or help from professional for free.

### 3 METHODOLOGY

#### 3.1 Method Design and Approach

As suggested by Saunders, Lewis and Thornhill (2009, pp.171-172), exploratory research design is the most suitable for this research type because it helps to clarify the author’s understanding of the barriers in the first stage of entrepreneurial
path for undergraduates. This research is conducted by searching for appropriate literatures and interviewing start-up enterprises and an educational lecturer in the subject.

The thesis is designed to follow the deductive approach which means that the empirical data analysis was based on a frame of chosen theories. In another way, a theoretical framework had been developed before collecting the primary data process, which enables me to explain concepts and interrelationships among barriers. Furthermore, deductive approach allows researchers to form reasonable explanations for problem raised in the subject.

3.2 Research Strategy

Case study was chosen as research strategy for this topic. Case study is defined as a tool to investigate a phenomenon in real life context and use multiple sources of evidence (Robson, 2002). Because I wish to gain rich understanding of the topic in order to answer the question what most common barriers that undergraduates have to encounter; and how to counter them effectively and efficiently. I chose to study several cases through face-to-face interviews.

Multiple cases strategy study is believed to meet the need for generalizing information from these findings; so that the result could be applied elsewhere in Vaasa (Saunders et al. 2009, pp.146)

3.3 Sample

Sample was chosen by purposive technique for deep understanding the topic. The author chose 3 samples which were believed to provide good insight in barriers that undergraduates may encounter as starting their own venture as well as solutions for those.

I contacted and got acceptance for interview from samples. Interviewees are PhD. Margit Niemela, principal lecturer at Vaasa University of Applied Sciences and
Mr. Stefan Jungar, owner of start-up Jungar Enterprise. All of them have experiences and expertise knowledge on the field, which contribute greatly helpful information to the topic. I strongly believe that the research result can provide good insight into the barriers which most students are not fully aware. Furthermore, knowing what it takes to become a successful entrepreneur can enhance the entrepreneurial spirit at students.

3.4 Research Method

The research is conducted as a small-scale qualitative research and from a business perspective. Secondary data was collected from multiple sources which are documentary, online journals, online articles, etc. Primary data was collected by using a semi-structured interview in order to obtain more reliable and practical data.

3.4.1 Documentary Data

Documentary data includes books, journal, magazine articles, newspapers (Saunders et al., 2009, pp.258). This data could be considered as substitute or complementing first hand data from an interview, questionnaires or other research method (Denscombe, 2010, pp.216). During the data collecting process, the validity of information was checked based on four criteria: authencity, representativeness, clear meaning and credibility (Denscombe, 2010, pp.221-222). The secondary data are presented in the literature review section.

3.4.2 Interview

A semi-structured interview was used in this study in order to generate in-depth information. This kind of an interview enables interviewees to express their ideas fully; furthermore, it allows high level of engagement between the interviewee and the interviewer. Questions raised by interviewer can be discussed further (Denscombe, 2010, pp. 178). The form of the interview is face to face; each interview was conducted with one interviewee. The interview is designed to generate
in-depth information about barriers and a solution to the problem which is related to theoretical framework in this thesis.

The first interview was conducted with PhD. Ms. Margit Niemel, at 8:30 in the morning on 28th October 2014 at Vaasa University of Applied Sciences on Raastuvankatu 31 Vaasa, Finland. The interview lasted one and a half an hour. The interview questions were formed in advance based on the theoretical framework. This interview aims to get a deeper understanding on the topic from the perspective of education. A list of interview questions is included in the appendix.

The second interview was held with Mr. Stefan Jungar, at 8:30 in the evening on 3rd November 2014, at the location of Olympiakatu 12-14 C91, Vaasa, Finland. The conversation lasted one and half an hour, which gave a deep insight into the research topic. The interview questions were formed in advance based on the theoretical framework. A list of interview questions is included in the appendix. This interview aims to look into his entrepreneurial path, from the intention of creating a business to the execution of it. Moreover, a thorough understanding of “what leads him to this path and how he does it” is likely to enhance a student’s entrepreneurial spirit.

The final interview was conducted at 2pm on 21st November 2014, at Vaasa University of Applied Sciences premises on Raastuvankatu 31 Vaasa, Finland. The length of the interview was 60 minutes. The interview questions were formed in advanced based on the theoretical framework. A list of interview questions is included in the appendix. This interview aims to look into the interviewee’s entrepreneurial path, with the intention of creating a business to the execution of it. Moreover, thorough understanding of “what leads hers to this path and how she does it” could enhance a student’s entrepreneurial spirit.

3.5 Data Analysis Method

The data collected from the interview was treated as qualitative data since it is in word form and presents the facts from interviewees’ perspective. The interview
questions were formed based on the theoretical framework, collected data thus is highly useful and related to the research problem. The interviews were noted in written text and grouped into categories. These categories combined with findings from the secondary data are analyzed to answer the questions: what the main barriers undergraduates might encounter at the first stage of the entrepreneurial path and how to minimize those challenges.

3.6 Discussion and Limitation

The data presented in the empirical findings section gathered from different online sources was filtered on the base the authenticity, representativeness, clear meaning and credibility and was selected to meet the critical categories in the theoretical framework. Moreover the secondary data collected was used as complement to the first hand data in order to confirm the information in order to show the validity and credibility of the research. However, there are still limitations in the research. This research is conducted in Vaasa area, where the population is found to be culturally diversified. Small business owners particularly in Vaasa area come from the different background such as Sweden, Finland, Thailand, Vietnam, China, Pakistan, etc. Most of foreign enterprises work in the food and restaurant field. As the researcher have had experience in this industry, which leads to the fact that the study can be more acute in this field.

4 EMPIRICAL FINDINGS

4.1 Case Jungar Enterprise: Interviewee: Stefan Jungar

4.1.1 Background

Jungar Enterprise was established and registered in tea and coffee trading sector in 2013 by Stefan Jungar, a Finnish student. The invested capital is over 20 000 euro. He had two businesses before but failed both. In 2010, he started to study International Business program, at Vaasa University of Applied Sciences. In 2013, he participated in an exchange program to Shanghai as a part of his studies. While
he was there, one time in the class, he was amazed when observing his lecturer drinking tea from a glass thermo, which he had not seen before in Finland. He was so curious that he went to seek for glass thermo in different Chinese supermarkets. As soon as he found one, the idea of supplying tea glass thermos in the Finnish market struck him heavily. After finishing 6 months in Shanghai, he brought home tens of tea glass thermos and several packages of tea in order to resell in Finnish market. Before Christmas 2013, goods were sold out which presented a positive response in the Finnish market for this type of product. He worked as an accountant for an accounting family size company for six months. In summer 2014, he flew to Shanghai again looking for tea suppliers as well as creating his own thermo for selling in the Finnish market. At the moment, with a team of three (the other two are doing their internships at Jungar Enterprise), he is launching his business aiming to the Finnish market for a Christmas gift item for the year 2014. His product includes a package of tea glass thermo and three kinds of tea.

4.1.2 Motivation

Mr. Stefan explains the reason he is starting his business is that creating new products and offering them to the market has been his dream since he was 15 years old. He believes that working hard and concentrating on the aim will bring a victory. When being asked about monetary motivation, he said, “It has never been about the money, it is about the fact that I wanted to be able to provide something good to people, something different”. He said that “no one in Finland has ever seen this kind of a product before”. This package of products is unique.

Also he pointed out that “If you have a good product, I think the money is the by-product”. If a person does business only for money, it is likely that he/she is going to give up when facing challenges and difficulties. Money is not going to come into the business for first few months and even the first year. From Stefan’s perspective, although money is important for the business, he does not take it as the main thing. Instead, it is considered as a by-product, which he gets as a reward when he is capable of providing new products to the market. When being asked
about assistance from the Finnish government for a start-up, he said that he got around 700 euro granted by the government per month when he took his business plan to VASEK organization.

### 4.1.3 Risk and Uncertainty

As a first entrant into the market, he has to face many risks and uncertainties. The uncertainty is that whether or not the customers will like his products. He said that his first pilot project last year sold out all the tea thermo packages that he brought from Shanghai. However, none of customers came back; and that is what he needs to work on this year when launching the business officially.

One of the risks that he has encountered so far is the shortage of supply. Since he has to import tea from China, it has to go through Finnish Customs. Unfortunately, the latest package of tea was detected with a contamination of pesticide; thus, it was returned to the export country. This caused him to find another supplier within two weeks before launching the business. Apart from this kind of risks, risk of time, effort and money are not applied in Stefan’s case as he does believe that he still can learn a lot in the worst scenario of failure. However, according to him, this time doing business, he invested much more than he originally expected, but also he did his “homework” pretty well: being well-prepared and knowing clearly the goal.

### 4.1.4 Idea Generation

Stefan’s idea generation process can be summarized as following table

**Figure 4.1.4** – Stefan’s Idea Generation Process
4.1.5 Know-how Knowledge

Table 4.1.5 – Know-How Knowledge based on Stefan’s case

<table>
<thead>
<tr>
<th>Functional Knowledge</th>
<th>Generic Management Knowledge</th>
</tr>
</thead>
</table>
| - Obtain by traveling across China to find the desire source of tea. By that way, he gains good insight into the Chinese tea industry, which is enormous.  
- In Shanghai, he then took one course about tea, in which he asked to be taught about 3 kinds of tea he’s going to offer in Finnish market. It lasted for 8 days. | - He has to handle with stress caused by refusals from sales cold calls, which is discouraging him. But he said “the more you deal with it, the better you become”, so it is like a learning process in real life.  
- Coordinate resources effectively: network establishing in Shanghai for producing prod- |
- He could get some basic knowledge through 36 hours of study.
- He works as an accountant for himself, as it is an effective way to control cash-in and cash-out.
- He transports products to Finland through his friend’s logistic company (work in trust), calling out for an intern to build his website, contacting photography students for taking photos.

<table>
<thead>
<tr>
<th>Business and Strategy Awareness</th>
<th>Personal Competencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy: he flew to China to seek for green tea supplier, designed and printed product package bag, customized and produced tea glass thermo with his logo on it in a Chinese factory. In selling process, hundreds of cold calls are made to different companies with Christmas gift offers for their employees. In addition, he contacts specific local retailers for a place on their shelf. And they don’t have to pay him anything until the products are sold. He joined in a local exhibition; and is having a stand selling tea in Rewell Center one week before Christmas. His online shop is on the way of being built, and will be launched soon. He focuses on</td>
<td>- Being initiative: be the first entrant offering high quality green tea and tea glass thermo in Finnish market.</td>
</tr>
<tr>
<td>- Spotted the opportunity as soon as he saw the glass thermo for the first time in Shanghai.</td>
<td></td>
</tr>
<tr>
<td>- Persistent with his business concept: traveling until he found the preferred tea and thermo; make non-stop cold calling no matter how he got refused.</td>
<td></td>
</tr>
<tr>
<td>- Efficiency orientation: utilizing students source for website building and product photos</td>
<td></td>
</tr>
<tr>
<td>- He has strong belief in himself and his business concept.</td>
<td></td>
</tr>
<tr>
<td>- He has the ability of persuading people to buy his products by the way he talks about his products and how he comes up with</td>
<td></td>
</tr>
</tbody>
</table>
personal selling, which allows him to get the highest attention from customers and to build customer relationship. Building a team himself plays an important role since that guarantees his success.

- Awareness: he offers customers only 3 kinds of tea which are the most famous and with top quality as he believes that the more options customers have, the more confused they might become. “Why not choosing the best tea for them?” he says. His product concept is defined as simple but beautiful. Furthermore, green tea is such a healthy product, which should be promoted in Finland.

- It. He knows it so well that he can explain it clearly and enthusiastically, which cleverly integrates listeners into buying mood.

- Since he got awareness of the vision (idea), he took step by step systematically to make it real. He piloted the idea last year with around 100 products, and launched the whole business this year as a result of positive response from last year pilot.

4.1.6 Culture and Language Barrier

Stefan also encountered a language barrier when working in Shanghai. However, he managed by networking with local friends who could help him with language and customs in the area. In addition, he hired an interpreter as he traveled to different tea farms across China. Basically, he said that he did not encounter any barriers while he was in Shanghai. Also in the Finnish market, he has not faced any obstacles related to culture and language so far.
4.1.7 Entry Barrier

As a new entrant to the market, Stefan positions his products as differentiation, which brings him both advantage and risks. Though he is so confident about his products’ uniqueness, he is uncertain whether or not the customers are going to like the products. Moreover, he has invested much more than he anticipated into this business. Time, money and effort are put in building customers base and establishing networks for the whole business.

4.1.8 Opportunity Evaluation

Stefan said that he has spotted the market need for new products in the gift market. Below is the table summarizing the way Stefan evaluates the opportunity.

**Table 4.1.8 – Opportunity Evaluation based on the case of Stefan Jungar**

<table>
<thead>
<tr>
<th>Environment</th>
<th>“Where are the potential customers for the business?”</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female white-collars who have high consciousness of healthy living style. They also favor nice and simple designed products.</td>
</tr>
<tr>
<td>Need</td>
<td>“What is the need existing in the market?”</td>
</tr>
<tr>
<td></td>
<td>People always have difficulty in choosing presents for their beloved ones, especially as it comes to new and unique products. Meanwhile, tea is a healthy drink; however, what the existing market offer is not “real” tea. So he combines a healthy product and a tea glass thermo in a package, offers it to the market for Christmas gifts to satisfy the existing need.</td>
</tr>
<tr>
<td>Customer Analyzing</td>
<td>“Who is your main target group?”</td>
</tr>
</tbody>
</table>
At first, those female office workers aged over 25 are his first target because they have consciousness for healthy lifestyle. Women are more likely to drink tea than men. Lately, he has had his distributors who are businesses in Vaasa area. They are a health care products store and a gym room.

4.2 Case Main Ingredient Oy (Taste of Holland): Interviewee: Nga Nguyen

4.2.1 Background

Main Ingredient Oy was established in 2013 by Ms. Nga Nguyen, who is studying hotel and tourism at University of Applied Sciences. The investing capital was around 3700 euro. At the moment, the business is a small kiosk in Vaasa square market, selling deep fried snacks imported from the Netherlands. The business is open only in the summer time, when the weather is warm and she is not busy with her studies. Ms. Nga came to Vaasa to study in 2010. She started to work as a part-time employee for Dongnai Grill restaurant in 2011 and 2012, from which she could obtain insights into doing business in Vaasa square market. After the first three years living here, she wanted to have her own business. Having a restaurant will cost a small fortune; besides, she was unsure of whether or not this idea was going to work. Therefore, she decided to cooperate with a friend and bought an old mobile kiosk, fixed it herself and used it to sell food.

4.2.2 Motivation

Her motivation is summarized in Table 4.2.2

| Table 4.2.2 – Motivation for establishing MainIngredient Oy by Ms. Nga |
When being asked about if she received any aid from the government, she said that there was none. She did not go to VASEK and ask for help there.

### 4.2.3 Risk and Uncertainty

According to her, there lies the failure possibility as there may be not enough customers to generate sales. In addition, in the center area, a severe competition in fast food market does exist. In an area of 50 meters around her kiosk, the competitors are three Vietnamese food kiosks. Further there are fast food restaurants such as McDonald, Hesburger, Subway and tens of other small food businesses. In other words, the market for fast food is concentrated onto this area. As a new entrant offering Dutch snacks, thought her products are new to Finnish customers, she has difficult time because of competition. As mentioned about the risks, she said “I invest small, so my risk of time, money and effort is also low” Thus, in the worst scenario that she fails the whole business, she will lose her time and working effort on this business.
Another type of a risk the business experienced last year was seeking for food supplier from the Netherlands only through internet and a contact through the phone and email. The first supplier she was in contact with did not fulfill her promise on sending the goods on time. After several efforts in communicating with this supplier through phone and email, she decided to find another supplier. She said that she could not trust this supplier because this supplier never did what she promised, for example, her goods always came later than what was promised.

4.2.4 Idea Generation

According to Ms. Nga, thanks to traveling to many European countries, she has gained an insight into the street food business. She had many conversations with her friends about it, and realized that the Finnish market lacked deep fried snack food. Besides, she liked street food in the Netherlands which were Dutch fries, deep fried cheesecake, Dutch sausage, etc. and wanted to sell it first in the square market, and later distribute it in the supermarkets in Finland. Her business concept is that she makes Dutch fries by herself, from peeling potatoes to frying and serving to customers; so that the sweet taste of potatoes after frying still remains.

4.2.5 Know-how Knowledge

According to the interview, know-how knowledge can be summarized as follows

<table>
<thead>
<tr>
<th>Table 4.2.5: Know-how knowledge of Nga Nguyen case</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Functional Knowledge</strong></td>
</tr>
<tr>
<td>- In order to make similar Dutch fries, she tried different kinds of potatoes sold in the Finnish supermarket. She experimented with different kind of deep frying method to make crispy but</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
tasty fries.
- Imported different kinds of snacks from the Netherlands for sampling before ordering and selling products in the Finnish market
- Possessed basic knowledge of food industry and hygiene issue from courses at Vaasa University of Applied Sciences

<table>
<thead>
<tr>
<th>Business and Strategy Awareness</th>
<th>Personal Competencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Strategy: she took small steps to establish her own business. First, she bought a kiosk, fixed and painted it herself for saving in cost. Then, she had her friends who could use both Finnish and Dutch contact suppliers to purchase food from the Netherlands</td>
<td>- Being initiative: be the first entrant offering snacks from the Netherlands</td>
</tr>
<tr>
<td></td>
<td>- Possessing interpersonal skills which are required for a selling job</td>
</tr>
</tbody>
</table>

### 4.2.6 Culture and Language Barrier

According to Ms. Nga, she had a lot of difficulties when starting her own business in Vaasa, Finland. They are related to culture and language barriers which can be summarized as:

- Regulation related to establishing a business in Finland (documents and fees)
- Taxation system and related documents
- Suppliers barely speak English but they are capable of offering affordable service prices. For example, “printing expense, fixing and painting the kiosk expense, etc. could be found inexpensive if you know the right contact”
- Selling products to customers who only speak Finnish or Swedish in the square market
- Importing products from the Netherlands requires Dutch language in seeking for supplying source there
- Cultural barrier: she possessed only little knowledge of Finnish potential customers’ habits or tastes. In fact, she didn’t know much about what the prospects may like and dislike, which is necessary in creating a suitable menu

Due to those language and culture barriers, she needs much help from her friend who can use both Finnish and Dutch. As a result, she greatly depends on her friend in this aspect.

4.2.7 Entry Barrier

According to Ms. Nga, she positions her products as new entrant in the market. Her kiosk offers snacks imported from the Netherlands which could hardly be found anywhere else in Finland. As being the first, she has encountered various obstacles. They are:

- High expense in marketing activities (printing and designing brochure, menu, painting kiosk in the Dutch flag color theme, website designing, etc.)
- Highly competitive fast food market in Vaasa city center
- Difficulties in Finnish customers’ purchasing habits. They are not keen on switching to new products
4.2.8 Opportunity Evaluation

According to Nga, her business offers customers with inexpensive but tasty deep fried snacks which are very popular in the Netherlands. Below in Table 4.2.8 is the summery of her opportunity evaluation.

Table 4.2.8: Opportunity Evaluation of Nga Nguyen Case

<table>
<thead>
<tr>
<th>Environment</th>
<th>“Where are the potential customers for the business?”</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In the city center, where is crowded during summertime. The kiosk is placed in the Vaasa square market, which gains high exposure to passengers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Need</th>
<th>“What is the need existing in the market?”</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Finns are not familiar with deep fried snacks which are very popular in the Netherlands. She thinks “Why not trying to sell those kinds of snacks in Vaasa? It is interesting to provide customers more options”</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Customer Analyzing</th>
<th>“Who is your main target group?”</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The kiosk is open from May to October, aiming at tourists and passengers in the daytime, and nightclub goers at night time. The night clubbers in the city center prefer to have quick and inexpensive meal or light meal. Tourists who can be from other countries or other parts of Finland; and they would like to try Dutch fast food once they see it in Vaasa</td>
</tr>
</tbody>
</table>
4.3 Case of Education: Interviewee: Margit Niemelä

4.3.1 Background

Ms. Margit Niemelä has been teaching at Vaasa University of Applied Sciences since 2010 as a principal lecturer. Her main profession is related to education and entrepreneurship. She has a great interest in entrepreneurship; especially many start-ups by students in Vaasa area. She has great experiences with entrepreneurship field with various roles such as researcher, supervisor and part-time entrepreneur.

According to her, entrepreneurship is such an abstract subject to teach; and it is one of the reasons why it is difficult to teach students thoroughly. She also claimed that the most common feedback from students who took the course is that “the entrepreneurial course does not tell how to establish a successful business”. However, she doesn’t think that is possible to do so. She could only provide materials, resources, etc. and the rest must be done by the students. She has a strong belief in the fact that students should gain job experience or experience in the field in order to succeed on this entrepreneurial path.

4.3.2 Barriers in Students’ Perception of Entrepreneurship

From her perspective, barriers in the way students perceived of being an entrepreneur could be named as following:

- Perception 1: Low price would be good or loved by any potential customers. “This is wrong”, she said. When starting a business, costs include so much more that one has considered. For example, renting, cleaning, self-salary, insurance, equipment, etc. More than that, low price can also lead to failing the whole business fast

- Perception 2: “You can’t be a millionaire by simply starting a business” she said. From her point of view, being an entrepreneur means to be hard-working and devoted (time and effort). Furthermore, an entrepreneur needs
to plan time and budget very carefully in order to see whether the idea can be applied. She also provided an example of her own. When she was young, she used to have a dream of establishing a coffee shop in Vaasa; however, after estimating the market potential, her dream business hardly generated any profits because of high investment capital and existence of many similar businesses in the area. Thus, she left it out of her entrepreneurial path.

4.3.3 Generation of Business Idea

As it comes to suggestions for students related to generating business ideas, there are several points. Firstly, students should have an eye on weak signals, which could be understood as an indicator of a change in a trend. In addition, trends in the world or the local area are worth paying attention to. Secondly, as soon as students have the most optimal business idea, they should have a business plan. In her opinion, even though 85 percent of what is written in the business plan is not probably going to happen in real scenario, it helps them to keep track of what have been done. Furthermore, it is also a good tool for sharing the business idea with other people. Thirdly, students should leave their comfort zone and take risks “take small risks which are carefully calculated”. And as it comes to the financial aspect, “a plan it smart because it is also a way to minimize risks they have to take”. Finally, students need to get familiar with the perception of “how to quit” instead of “being blindly persistent”. No matter how you trust that idea, if it does not generate enough profits or revenue to survive, it fails at least in the defined market. The reasons can be that it is not the right time or the market is too small. “Clinging on it only wastes your time, energy and capital” she added.

4.3.4 Business Idea Evaluation

There are many ways to create a start-up. For students with great concern about financial issue, they should start small but smart. For example, they can do online selling which becomes more and more popular. She advises, “You could share
and test ideas on people around you, who you think may share the common characteristics with your potential customer group”. This way, students can step by step omit unworkable ideas and develop the optimal ones. Another issue should be thought of is defining the target group for the business. She said that Ylikiva Café has done a good job in segmenting their market. The coffee shop was aimed at young mothers and their baby with cozy designed interior and nice lunch menu with salad and waffles. Coffee is served in a clay pot which is brought to the table. There is also a small playing area for small children, and one corner for displaying handmade garments on sale. Despite Ylikiva Café being located right in the heart of Vaasa city center, it still makes itself different from plenty of coffee shops and bakeries in the area. Another valuable lesson could be learnt from the way Ylikiva Café markets their business in integration with social media. To celebrate their opening day, they invited a local famous blogger who had many followers to their shop and wrote a review about it after experiencing the service. This way, Ylikiva Café is able to reach many potential local mothers at a lowest cost for the business.

5 DISCUSSION

Three case interviews have provided good insight into how people do business as well as what obstacles they have to encounter. The two entrepreneurs have encountered different barriers but share common traits.

Stefan case clearly shows his interest and passion for what he is doing. He has high commitment to the success of the whole venture. The intention of creating his venture has been there for years before he executed the first and then the second business idea. Despite he did not succeed with those two first ventures, he has learnt many things from those experiences. This can later provide more insight as well as criteria in choosing the most optimal idea to execute. In fact, he is always looking for business ideas. His case indicates that it is unnecessary to have such a brilliant business idea to create your own venture. It’s more about how a business idea is going to be executed. Stefan shows strong drive for success. He puts great
effort in the venture and tries every single method to bring the product package to his potential customers. He strongly believes in the value of products he delivers to his customers. His attitude towards it is that “it means everything to me”. When it comes to forming the business idea, he had difficulties in creating a clear picture of a product as well as design of it. He chose to work on it, step by step to find out the best solution for his business. When it comes to selling the products at the very first stage, many refusals from prospects turned him down. Stress is unavoidable; but he has persistence and passionate belief in his products, which keeps him going. Furthermore, he shows great ambition for future growth of the business. If he can succeed in the Finnish market, he then will go to the Swedish and the Norwegian market.

The business scale of MainIngredient Oy is smaller than Jungar Enterprise, which partly contributes to differentiating characteristics of both. Since Nga doesn’t possess a good ground of Finnish language and culture, she heavily depends on her partner as it comes to problem solving related to language. Besides, her motives for running this type of a business are experiment and her securing finances. She believes that the longer her kiosk is in the Vaasa square market, the more customers will get to know her products later. First year in the market, she couldn’t generate enough sales to reach break-even point. However, the situation for her at the moment (second year) is not positive as more and more competitors have joined this sector. Also, there is a possibility of closing down if supply is higher than demand. Her attitude towards this business is that “you invest small, you lose small”. Her business is at the stage of generating sales for business expenses; not that enables her to pay herself salary. In spite of that fact there is no action or marketing activity planned to enhance the business.

Even though both enterprisers are different from many aspects related to business, they both share common traits of entrepreneurs. They are risk-takers with high need for achievement (need for achieving something belonged to them). Besides, they can tolerate ambiguity. They have self-efficacy which means they obtain
necessary skills and experiences to perform multi-tasks before establishing the business. Both agree that as they take the entrepreneurial path, they have encountered risks of wasting time and money, and missing the chance to do something else. In the business, they both had encountered goods supply challenges because they have to import from a foreign country. Stefan has experienced with the problem that the tea package imported from China could not passed through the Finnish Customs, which rushed him into finding another source while launching time came very close. Similarly, Nga could not choose the right supplier at first while she had only a few weeks to go before opening her kiosk.

The study of two cases provides good insight into business practices for students in the Vaasa area. The barriers and solutions are analyzed from two different perspectives: a Finnish student and a Vietnamese student. They share the similar type of business: in food and drink category, involving import. By analyzing how they go from the idea to a real business, more angles are explored to answer the question “what barriers they have encountered as a start-up”. This study can partly enhance entrepreneurial spirit in students. Those cases can act as a practical reference for potential enterprises.

The third interview contributes to diversifying solutions for those avoidable difficulties to inexperienced students. Firstly, to tackle language and culture barriers, especially for foreign students, they should join local community groups with activities may interest them, for example, a musical band or a volunteer group. This is where they can gain insight into the Finnish culture, getting connection with people, being a part of a group, helping others and getting help. Many Finnish and Swedish language courses can be found in Vaasa Arbis or at Vaasa Adult Education Center (VAKK). Secondly, to deal with know-how knowledge and idea valuation, the Vaasa Region Development Company (VASEK) organization offers free help to anyone who wants to start on the entrepreneurial path. Mostly the help is related to regulation and business laws (documents filling, taxation) in Finland. Furthermore, by discussing the business idea with a VASEK expert, students
could get consulted about how optimal it could be to transform an idea into a real business. A grant from the government for start-up is also possible, students should be advised on that before registering their own business. Finally, it is important to keep the right attitude towards and proper perceptions about entrepreneurship: low price is never the best entry strategy for market entry, and entrepreneurial path is not an easy way to become rich. In order to eliminate or minimize those known risks, it is recommended to draft a business plan which would play the role of a compass. This business plan should reflect the reality of the venture from different dimensions; or it could serve the entrepreneur himself only.

The limitation of the thesis is that the samples only operate in the area of food and drink, which has different characteristics from many other fields such as information technology or consulting services or grocery trading. It would be more helpful if more samples could be included in this research. Different entrepreneurs from different backgrounds would have different stories, which could diversify the references for students who want to be an entrepreneur. Therefore, suggestions for further research from this topic are:

- Conducting interviewing in larger scale including businesses in other areas in order to have a full picture of entrepreneurship trend among students
- Searching and providing a guide with affordable means to approach customers at the very first stage of start-up for students
- The importance of networking and how to do that effectively in a foreign community such as Finland
- The role of education in enhancing entrepreneurial spirits in students, and how to foster that by designing effectively interesting course contents
6 CONCLUSION

In order to start and run a business, students will have to encounter different and unavoidable obstacles from idea generation to launching the business. Lacking preparation (knowledge of market, customers, high expectations for a quick profit) will possibly lead to failure. Working in the field for several years will not only bring students valuable experiences but also enables them to save up for the business.

It is obvious that experience and good know-how knowledge could help start-ups lessen the risks and make decision more wisely. Students can choose to start small if they have no experience but want to have an experiment. Optionally, they should integrate themselves in working life first for experience; then create their own venture after gaining adequate know-how knowledge. Whichever way they choose, it is recommended that they should benchmark how other businesses in the same field are operating. Creativity is a skill that could be obtained by obtaining knowledge from studies and business practices in real life. The key here is to keep learning and looking for business ideas and opportunities which could make you happy when doing it and others happy when utilizing it.
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**Interviews**


Stefan Jungar. 2014. Olympiakatu 12-14 C91. Interview 03.11.2014

Appendix

List of Interviewing Question

Overview

- Please give a brief overview of the company and its current situation
  - When did you create your venture?
  - How much is the investing capital?
  - How many employees are there? Or do you have any partner?
- What industry does your business operate?

Motivation

- What makes you come up with this idea?
- What are the motivations behind this business idea?
  - Finance
  - Employment security
  - High need for achievement
  - “I want to do things my own way” (Autonomy)
  - “I want to work for myself” (Locus of control)
- Do your products have any unique features to compete in the market?
- How is the assistance of Finnish government in creating own venture?
- How is the competition in the Vaasa market in your sector?

Barriers

- What could be problems for you as starting to form a business?
  - Limitation of information, knowledge, finance, time
  - Language and culture
  - How do you plan to sell your products?
- How do you evaluate the opportunity in the market?
Solution (mainly for interviewee Margit Niemelä)

- Can you provide me a brief overview of yourself?
- What is your opinion of educating entrepreneurship at school?
- Can you tell me barriers students normally face as they kick off a business?
- What could be done to minimize the risks for start-ups at the very first stages of generating idea and choosing the most optimal one?
Business Plan Templates Recommended