



## Information Seeking by Entrepreneurs

Dr.C.Silambarasan

Post Doctoral Fellow, PRIMS, Periyar University, Salem , India

Dr.N.Rajendhiran

Dean-Humanities , Prof-Cum-Director, PRIMS, Periyar University, Salem , India

## ABSTRACT

An entrepreneur is an 'uncertainty bearer' and needs to take a variety of decisions which make or break the business. Entrepreneurs in different situations need information inputs in planning, implementing, monitoring or reviewing schemes, projects and programmes. The purpose for which information is required varies. There may be an immediate need for information to understand the situation one is in, to convince and persuade others, and to use the opportunities available. Without being conscious of the need, individuals in a situation may gather information which would either prevent a problem situation in future or help one to make the most of it.

A study was undertaken in Salem city (using questionnaires and by collecting narratives) to find out the types of information entrepreneurs were looking for and the way they gather the required information and also the difficulties faced by entrepreneurs in acquiring the information.

The results indicated that most entrepreneurs required information on consumer needs, marketing & distribution, legal information, technical information and information about finance and loans. Information about business practices and writing project proposals was also important. The major sources of information were personal contacts followed by professional consultants. Institutions and libraries were used for technical and financial information.

## KEYWORDS

## Introduction

Today's society has been characterized as a knowledge society and its economy as a knowledge economy. The leveraging of information is an essential ingredient in the making of a knowledge economy. Information is recognized as a valuable resource and a key factor in today's competitive world. In the knowledge economy, where the touchstone of competitiveness is the capacity for innovation, the fostering of an entrepreneurial culture is important.

The term "entrepreneur" was first introduced by Richard Cantillon a French banker, in the mid 18th century, as "the agent who buys means of production at certain prices in order to combine them into a new product" (Schumpeter, 1951). An entrepreneur, according to Cantillon, was a kind of person who was engaged in production activities and made certain payments to the owners of production factories in expectation of uncertain receipts and was mainly an uncertainty bearer (Aitken, 1965).

By its very definition, an entrepreneur is an 'uncertainty bearer' and needs to take a variety of decisions which make or break the business. Entrepreneurs in different situations need information inputs in planning, implementing, monitoring or reviewing schemes, projects and programmes. The purpose for which information is required varies. There may be an immediate need for information to understand the situation one is in, to convince and persuade others, and to use the opportunities available. Without being conscious of the need, individuals in a situation may gather information which would either prevent a problem situation in future or help one to make the most of it.

However, the concept of information need / information seeking is very elusive. Literature on information needs indicates that users themselves are often not able to recognise and articulate what their information needs are (Singh 1979). Users cannot differentiate between their actual information needs or their information seeking and the other tasks that

they are performing in the routine course of their work. As a result information seeking becomes an activity that is not easily identifiable or recognized by most people. Information seeking studies are based on

- Behaviour of the user
- Nature, amount and source of information being sought
- Quality of information
- Timeliness of information

A majority of the information needs or the information seeking studies have been done in different fields as there seems to be a consensus on this that the information needs of an employment group of a local population or a subject group tend to be similar while that of different groups may be different. This framework assumes that by studying the groups to which the users belong, researchers can determine the needs and the information seeking patterns of the individual members of the group. Information needs/ information seeking studies have been governed by the paradigm that group information needs and uses should be studied so that systems can be designed to serve the group members.

This paper is based on a study conducted on first generation entrepreneurs in the city of Salem. Entrepreneurs were asked about their entry into becoming 'entrepreneurs' and about the types of information that they had looked for and mainly how they had sought information. The methodology used here was by collection of narratives. Entrepreneurs were asked to tell their "stories" of how they started, why they started and how they looked for information for the work that they were planning.

## Methodology

Narratives or life stories are eminently suitable for research about persons, behaviours and situations common to small groups (Reissman 1993). Wherever the groups to be studied are small but varied, narratives are useful. To find out the situations in which entrepreneurs needed information and the

way in which they went about finding it, narrative analysis was thought to be the most appropriate method. The stories of individual entrepreneurs were analysed to identify their information needs and the information sources used.

Here the idea was to make the entrepreneurs comfortable, and to allow them to speak freely with minimal questions asked after having explained to them that what was required. Reissman (1993) had recommended that certain types of open-ended questions be used to encourage narrativization. Hence an interview schedule was developed to encourage the respondents to share the important moments in their lives.

#### These basic questions were

1. How did they get into this field?
2. How did they look for information?
3. How was this information collected?
4. Had they felt the need for any mentor or institutional help?
5. Could identify any piece of information that had played a crucial part in the success or failure of their business?
6. Had they felt any discrimination at any stage or any special benefits or
7. problems relating to gender issues? (Asked only of women)

While the narrations were on, if the above questions were not answered, then prompting questions were used to get more detail or to clarify any point made. The narrative interview design had to focus on the elicitation or narration (Wengraf, 2001) Asking the respondents to "tell me what happened" got a better response than asking "when did this happen". Some people would start from the days they were in college or at least from the day of inception of the idea of the business while some were much focussed.

#### Information Seeking by Entrepreneurs

The research issue itself was problematic in that people could not understand information needs or information seeking and several replied by saying, "*I knew what was required*", or "*I did not need any information*". It was a routine activity that all of them did. One entrepreneur talked about how she had registered her firm and how she had got loans sanctioned from various banks in response to direct questions about these but could not answer how she knew these things. "*Everyone knows these things*" was what she replied. Later narrating about her early days, she described how her husband and father-in-law had been running their own firm for years and how they had told her what the necessary formalities were, how to go about fulfilling them. So she "knew" what to do. "*This is not a problem at all, there is always somebody who tells you what to do. My husband told me about the bank, the bank manager told me about special schemes for women and for small entrepreneurs. People who were running a shop next door to my shop told me what I had to do for the society, about the health inspectors and the permits required.*"

Another entrepreneur who was running a travel and tourism firm also claimed not to need any information. However while narrating her story, she talked about how she had consulted the 'yellow pages', the telephone directories of various cities and road maps to find out how to get to a place before they actually visited any place. But she did not think 'yellow pages', the telephone directories of various cities and road maps constituted information sources or that consulting them was an information seeking activity.

As the entrepreneurs were first generation entrepreneurs, most of them had worked in an established organization before starting on their own. A starting point for many respondents was their previous workplace, mentors were often employers and very often, their first clients were their previous employers. Apart from the experience and knowledge gained, the links with the organisation continued creating a 'struc-

tural embeddedness' which was a significant factor providing the entrepreneurs with support.

As Mr K said "I learnt all about the work by working on the shop floor from 9 -5. My boss at the previous company was willing to guide and help me to start out and gave me all the basic information for setting up my own unit. At every stage while I was setting up the business, my boss helped and guided me about where to go for the information."

Ms M was very confident because. "We were very secure in the sense that we knew that if this did not work out, (our company) would take us back. The company also offered us a consultancy and we would go there once a week to do work there. In that sense they were our first clients but very soon others came."

The entrepreneurs gave five main reasons for starting on their own.

#### Independence, Creativity & Recognition:

Many of the respondents said that they had started on their own because they wanted to be independent, they wanted the freedom to work as they pleased and not have any rigid conditions foisted on them.

"I decided again to start something because I was not in favour of working for someone; I would feel that all the credit for my designs was taken away by my employer. When I was working as a junior engineer, our seniors would go for a meeting to present our work and take all the credit. I thought I deserved to get all the credit and disappointments if any, in to my pockets."

Ms A says "frankly speaking I couldn't have worked under anyone else. Independently I can do whatever I want then I can do it freely without any...someone on my head.

Dr J got the idea of starting out on her own after she had visited many enterprises in connection with her PhD work. "I felt that I could do it. They all had the technical background but had to learn about finance and management. I knew about finance and management, so I felt I could learn about the technology. I purchased a 'sick unit' and learnt the ropes from the workers."

Ms N got bored after some time and so wanted to start off on her own. "Working for somebody else became boring and there is not much fun in it. "I had set up things in the firm and initially we were getting a very good margin as there were not many people in the field then but later there was not much work as others copied our work and we were getting less margin of profit. The owner is an NRI, so he was not interested in starting anything new."

**Tradition** :Some of the respondents said that they had grown up in business families and so they had to start on their own, they could not think of working regular hours in an office.

"All my life, I have seen my family members in business only. So it was only fit that I should also start something of my own. I could not imagine going to work in an office from 9 to 5."

**Family Responsibilities:** A few of the women cited that they had time on their hands now that their children had grown up while other women had given up jobs and started on their own as they had small children at home. Parenthood seems to have had a great influence on a woman's decision to start her own business (Birley, 1989; Affholder and Box, 2004). A small business owner has more freedom to plan one's work schedule and to combine work with family life, which is often an important consideration for females (Hokkanen and Autio 1998).

"I had a small child and we had no relatives in Salem. I tried leaving my child in a crèche but after some time I did not

want to. I planned cutting expenditure for nearly a year before I gave up my job. I had to be mentally prepared to live with less. After all, both of us worked for a certain life style. Now the work I get is enough and I make almost as much money as I used to when I was

working, as I do not have to pay for commuting and for the crèche.”

**Accidental Entry:** Some respondents had an accidental or circumstantial entry. In some cases, the respondents had started the business with a friend, sibling or spouse and later carried on completely on their own.

“I was only a housewife but I had worked for a garments shop dealing in woollen garments but because of it being a seasonal business I stopped going there. I read in the newspaper about a plastic institute who had advertised for a fifteen day course in fibreglass which I completed. After I finished the course, I started manufacturing fibreglass basins for parlours.”

“Basically I have done journalism course. Husband was my basket ball coach and we felt we should try and do something different because of basket ball he had moved all over the country so our... what do we say our investment... information we had gathered so we thought of publishing some..Travelling books. But that doesn't give money to run a family. So then from hobby to business and we started a travel agency.”

“When I began (making the yogurt) from home, the neighbours complained that something was being produced here. At that time it was on a very small scale something like 20 to 30 liters so we were not aware of the business part of it. The food inspector came home and he advised me to get a license for this. I acquired one and started off. ”

**Conflict in the Workplace:** Some entrepreneurs were working in offices or companies but due to conflict or differences at the workplace or due to inconvenient transfers, they left their jobs and started on their own.

Mr A's company had transferred him, “I had my wife and three small children besides other family here and I did not want to move out of Salem, so I quit and started on my own. At that time many offices were buying computers and I offered to maintain them.”

When starting out, most entrepreneurs wanted information on consumer needs, marketing, finance and loans, legal information and technical information. Information about business practices and about writing project proposals came next. Least information was required on packaging and warehousing.

Entrepreneurs who had been in their own business over a longer period of time seemed to need a little more information than those who had been in business for a lesser time. This could be because of the ‘recognition’ factor. Most people cannot recognize that they need information or even the fact that they have looked for information, unless they have specifically been told that, “this is information that you are using.” This generally comes from more education or more experience

A very ‘information savvy’ entrepreneur said “I don't remember any time when in spite of having all the sources I haven't got the required information. I always find the means and ways to get it. Once I had a problem in exports regarding an export inspection agency, so I had went to each and every office in Salem and sent every office a letter and I got the information I required. So one has to try and even after that if you don't get the information, then its O.K. at least you don't feel guilty that you never tried. Besides the net, for information I have tried NCL, BCS, BCL is there of which

I am a member and MCCI from where I collect information regarding trade and export, We take

information from agricultural directorate then we need information from our customers and dealers for market survey. People have been more useful source than print media. Gathering information has taken 70% of my time and 30% I must have allotted to other things .Without information production is not possible.

The major sources of information were ‘personal contacts’ followed by ‘professional consultants’. Personal contacts were the major source of information and could be from friends, relatives, former employers and sometimes even competitors. Written documentation tends to be less valued than personal contact, because personal contact serves the function of increasing human contact within the organization as well as possessing a ‘richness’ that written materials do not have. Most entrepreneurs seem to prefer ‘information rich’ informal sources who can be ‘asked’ to explain anything that was not clear or if there was any doubt. Johnson and Kuehn (1987) found that entrepreneurs tend to rely heavily on verbal channels of communication to meet their information needs. Informal and personal sources have numerous advantages, they can be questioned and asked to explain themselves and they are familiar with the entrepreneurs and their background. Existing network research shows that family, friends, and business associates were seen as providing valuable information about starting a business, and which type of business to found (Dubini & Aldrich, 1991).

Most entrepreneurs, because of the numerous roles that they have to play in their organization tend to have a wide network of contacts and utilize them. In many cases family members were also qualified professionals. Amongst the professional consultants, the most referred to were chartered accountants and lawyers. Personal networks have been found to play an important role in business startup and success and, family and friends were important elements in entrepreneurs’ networks.

Only in the cases of technical and financial information did respondents use institutions and libraries as sources of information. In case of financial information, many entrepreneurs got the information from banks. Professional consultants were the preferred source for getting information for legal matters and to a large extent for financial and loan matters. Amongst the professional consultants, chartered accountants were most referred to, followed by lawyers. Only in the cases of information on hiring, technical and financial information did respondents use institutions and libraries as sources of information. In case of financial information, many respondents said that they had got the information from banks.

One entrepreneur who talked about gathering **different types of information** said “The basic requirements of what one needs to do can be found out from MCCIA in Salem, who were a big help and also from my CA and there are also agents who do this job for you . They tell you all the forms to be filled, how the business projections are to be made, how to get loans. This was a big help for getting legal information. No other licenses were required. Since it is a tourist place I did not have to get my restaurant graded, I was told by others in the field about this. The labour was provided by a contractor whose address was given to me by a friend. I read the minimum wages act from books and also went to the labour office to find out about it.

About the shops act, the bank officials told me how to do that. When I went there for a loan, they asked me whether I was registered under the Shop Act and then I asked them about it and they told me what it was and how to get it. When I went to open an account for the firm, they told me about the registration of the firm as a partnership. For financial information, my partner was a big help and so I did not have to find out much for that part.

I already knew from the past that there were contractors and information brokers, who have lists ready of all the equipment, specifications, brands available, prices and from where to purchase them. So I went to one person and got this information."

Regarding **technical information** another entrepreneur said "I think this kind of information only professionals can give there is no formal set up kind of thing The information is too scattered and it is with people and professionals. Fortunately over the years the network has expanded so much that almost every corner we have got a guide or friend or whom we can contact and get information. I will give you examples. If I have to make a film in Mumbai then there is this fellow named VM, he is encyclopaedia as far as filmmaking is concerned. So I have to call VM I need this help. So he tells me to take this phone no and call him. So in the same way in the software part you need a good director who has experience and name. Suppose I need some sound effects then VM is not going to help me there. Then I will call MK, film maker and tell him that I have to do some elaborate sound effects so he will give me nos. so it depends on whom we are working.

About legal and financial information one entrepreneur said "The moment I purchased my shop, the shopkeeper next door told me that I would have to get myself registered under the shop-act and even told me how to go about it. Since my husband is also a businessman, he also advised me. Representatives of the bank and told me about some loan schemes."

On the same aspect another entrepreneur went into more detail "The fact that we had to register ourselves was told to us by someone So as soon as S and myself decided to start on our own ,we asked all our friends to give us some information on how to register and where to register to which they roughly gave us an idea of one street in Salem and asked us to find it by ourselves. Basically the partnership deal and proprietorship papers are to be filed we contacted S's CA who advised us on this and we got them ready on a stamp paper and filed them. Later we had to open a current account in our company's name in a good bank for which we took advice from our parents and friends and selected a bank where they asked us all the documents showing proof of address etc. and opened an account.

Next we initially had one telephone line but later our requirements increased and we had to apply for another line. We did it by asking; talking to people getting information from them and finally everything was in its place."

We also have a personal CA who advises us on each and every issue like service tax and what are the documents required for it, when it has to be paid, how can we pay the minimum amount necessary etc."

Although information needs changed with growth of the enterprise, none of the respondents were able to express and articulate this change. It must be stated that there were also those entrepreneurs who did not recognize either information or their use of information. As one entrepreneur remarked "I didn't any legal information because I was doing everything legally. Finance... I took initially from bank. I did not take any information about technical things, I had all that knowledge. We all do it here.

One major factor that emerged from the study was that many entrepreneurs were seeking and gathering information without consciously realizing it. Information seeking or Information gathering did not seem to be a 'recognized' activity as many people said "Oh everybody knows this" or "my friend told me" or "we just saw an item in the newspaper". They did not think of the piece of knowledge that was got in this way as 'information' or these activities as 'information gathering'. As entrepreneurs get more experience, they recognized information, become aware of the need for

it and adopted a more conscious process of information gathering. Information Seeking needs to be recognized as an important activity for entrepreneurs, as well as an area of study and research of those specializing in entrepreneurship studies.. Among the entrepreneurs, information is sought more on an informal basis. Library and information science specialists can help in the development of 'formal literacy skills' among entrepreneurs.

## References

1. Aitken, Hugh. (1965). Entrepreneurial Research: The History of an Intellectual Innovation. In H. G. J. Aitken Ed.), *Explorations in Enterprise* (pp 3-19).
2. Affholder, Jennifer & Box, Thomas M. (2004) Struggles of female entrepreneurs.
3. Proceedings of the Academy of Entrepreneurship, 10 (1), New Orleans. Retrieved on June 16, 2006, from (<http://alliedacademies.org/UI/Proceedings/Proceedings14/pae-10-1-no04.pdf>)
4. Birley, S. (1989). Female entrepreneurs: Are they really any different? \ *Journal of Small Business Management*, 27 (1), 32-37. (<http://alliedacademies.org/UI/Proceedings/Proceedings14/pae-10-1-no04.pdf>)
5. Dubini, P. & Aldrich, H. (1991). Personal and Extended Networks are Central to the Entrepreneurial Process. *Journal of Business Venturing*, 6, 305-313.
6. Hokkanen, Pia & Erkko Autio (1998). *Growth performance of female driven firms*. Retrieved on June 16, 2006, from <http://www.sbaer.uca.edu.research/1998/ICSB/aa004.htm>
7. Johnson, L.J. & Kuehn, (1987). The small business owner / manager's search for external information. *Journal of small business management*, 25, 53-60.
8. Riessman, Catherine Kohler (1993): *Narrative Analysis*. London; Sage Publications. 1-78
9. Singh, S.N. (1979). Assessing information needs and uses: a state of the art report. *Herald of Library science* 1891-2 p40.
10. Wengraf, Tom (2001): Qualitative research interviewing; biographic narrative and semi- structured methods. London, Sage.