

Owner-Manager Personal Values and Their Impact on Performance : An Empirical Analysis of Manufacturing SMEs in Japan

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Abstract

While considerable attention has been devoted to the personal traits of owner-managers/entrepreneurs of Small and Medium-Sized Enterprises (SMEs), less attention has been given to their values, especially outside of a western context. Values are instrumental in the decision making and have implications for the owner-manager's behavior and approach to managing the organization. The aim of this research was to examine the personal values of owner-managers and empirically test the relationship between personal values and the performance of SMEs. The research fills gaps in empirical research on values and management success in SMEs in Asian context. Data for the research were obtained from a survey of SMEs in manufacturing industry in Japan. Analyzing data it was found that there is a significant relationship between values and performance of SMEs. Findings and implications are drawn for ongoing theory development and management practices in SME sector.

Key words : SMEs, Values, Performance

1. Introduction

Small and Medium sized sector is increasingly recognized as the prime vehicle for economic development in both developed and developing nations (Zacharakis et al. 2002). It is a major source of employment, revenue generation, innovation and technological advancement (Kotey and Meredith, 1997). In some industries, SMEs are more effective than the larger firms (Kotey and Meredith, 1997). Therefore, SMEs have become a major asset in the economy. In most of the countries in the world, the level of economic dependence on small and medium enterprises has increased in recent years. Therefore, every government of a country emphasizes more, the importance of the SMEs sector and at the same time this has also led the government to place emphasis on enterprise assistance programs and policies to develop this sector. However, the effectiveness of these policies and programs are dependent on a thorough understanding of own-

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er/managers and how they operate. Particularly, within this, owner-managers' personal values are very important. The literature in this area suggests that owner-managers' personalities, in particular their values and goals are indistinguishable from the goals of their businesses (O'farrell and Hitchins 1988; Bamberger 1983). Kilby (1993) notes that values are instrumental in advancing constructive understanding of human behavior and consequent change. Thus, it would seem that personal values should have important implications not only for the decision to pursue entrepreneurship, but the way in which the entrepreneur/owner-manager managing a business (Gasse 1977; Bird 1989; Bryan 1999). Further it is also suggested that owner-managers' personal values influence the management and business practices they adopt in operating their businesses and, ultimately, the performance of their business (Thompson and Strickland 1986). However, these propositions lack of empirical support in Asian context and all are limited to the western context.

In particular, although some studies have examined owner-manager values and their relationship with performance of SMEs, to the best of author's knowledge, there has been no empirical investigation conducted to examine such a relationship in Asian context. Yet, implicitly or explicitly, the research on this area is often predicated on western values as individualism, competitiveness, material gain and a strong work ethic (Hebert and Link 1998; Cauthorn 1989; Schumpeter 1950). These values may have limited applicability in all economies. Given this reality, understanding the implications of values for the successful business ventures becomes especially critical. Therefore, the present study was an attempt to examine the personal values of owner-managers and the relationship between values and business performance having taken a sample of manufacturing SMEs which are operating in the developed Asian economy of Japan. Since previous studies are almost conducted in developed western economies, the current study is also focused on a developed Asian economy of Japan. It is well known that manufacturing industry plays a crucial role in the economic development in all over the world. On the other hand, it is recognized that most of economic principles are consistent with the manufacturing industry than other industries.

This paper is in five parts. The first section considers the background of the study with addressing the research objective. The second part provides the literature review related to the concepts of values, performance and the relationship between personal values and performance. The third section of the paper describes the methodology including the sample, data collection, data analysis which is applied to investigate the research problem. The fourth part presents the results of the data analysis and discusses the major findings. The final part provides the conclusions drawn from the study.

2. Literature Review

2.1 Values

Hofstede (2001) defined a value as a broad tendency to prefer certain states of affairs to others. Rokeach (1972) explained that value is an enduring belief that a specific mode of conduct or end

state of existence is preferable to the alternatives. According to this definition, simply, a value is a specific and enduring belief. It mainly arises from what one learns from what is explicitly taught, or implicitly from Socialization. Further in Rokeach's (1973) words a value is a standard that guides and determines actions, attitudes toward objects and situations, ideology, presentations of self to others, evaluations, judgments, justifications, comparisons of self with others, and attempts to influence others.

Schwartz (1992) characterized values as concepts or beliefs that pertain to desirable end states or behaviors transcend specific situations in guiding selection or evaluation of behaviors and events and are ordered by relative importance. Further, Hofstede (2001) said that values are learned pre dispositions ; they represent learned mechanisms for bringing about positive consequences or avoiding negative ones with respect to the surrounding environment.

In literature, it shows that values are related with some other concepts. Morris, Schindehutte and Lesser (2002) stated that values are related with the personality traits, but different and traits imply the development of certain values. There is also close relationship between values and motives. Higgins (2000) argues that values provide regulatory focus for motivated or goal directed action. When a person has certain values, he or she strives to be internally consistent through their motive and actions, and uses values to guide these motives and actions. Rokeach (1967) stated that values can be preferred modes of conduct and believed most people had roughly 18 terminal values and 60 instrumental values. Further, values exist at different levels. Certain values are universal. Others might relate to the society, family and one's work life. Values are held by individuals as well as by collectives (Kilby 1993; Kluckhohn 1951). Where a collective is involved, values become a component of a culture. Hofstead (2001) identified the value differences among cultures.

The current study considers the values relevant to work life. Kilby (1993) distinguishes between values realized in one's occupation and values assigned to occupations. Thus, such values as accomplishment, personal growth, warm relationships, and high income might be realized in one's occupation, while challenging, fun, boring, and dangerous represent types of values associated with different occupations. Historically, values associated with entrepreneurs are innovation and change, individualism, independence, achievement, personal gain and profit, competition, hard work, success, and risk (Morris, Schindehutte and Lesser 2002). These values are more consistent with western values. In Literature, achievement, individualism, freedom, hard work, competitiveness and wealth are identified as western values (Godsell 1991; Hebert and Link 1998; Lipset 2000; Mangaliso 2001; McClelland 1961). Further, McGrath, MacMillan, and Scheinberg (1992) determined that entrepreneurs scored significantly higher on values of power distance, individualism, masculinity, and lower on uncertainty avoidance, than did non entrepreneurs, and that these results held regardless of national culture. Gasse's (1977) found that value for open-mindedness affected the tendency to innovate and grow faster ; no empirical evidence exists regarding such a relationship. The study which is conducted in South Africa revealed that the most priorities

values of black entrepreneurs are hard work, warm relationships, community responsibility and achievement and colored entrepreneurs are warm relationships, individualism, tolerance and being well-respected (Morris, Schindehutte and Lesser 2002). Decarlo and Lyon (1980) explained that entrepreneurs of USA associate with values such as hard work, ambition, courage and individuality. Managers in the US were said to place greater value on creativity and innovation than did their European counterparts (McClenahan 1991). Silver (1988) explained further that values such as autonomy, hard work, optimism, and vitality are also associated with the upbringing of the business owners.

However, the above literature review suggests that the values of entrepreneurs/owner-managers of business in Asian context have not received any attention by scholars.

2.2 Performance

Performance is obviously a central construct of interest in research concerned with the area of Small and Medium Sized enterprises. However, as suggested by Venkatraman and Ramanujam (1986) “the treatment of performance in research settings is perhaps one of the important issues confronting the academic researcher” (p. 801). One of the reasons for this is that, unfortunately, it is not always clear what performance means or what appropriate operational definitions are. Lumpkin and Dess (1995) used accounting measures such as sales growth, market share, and profitability alongside indicators of overall performance as well as other indicators of stakeholder satisfaction. Murphy, Trailer and Hill (1996) studied 51 articles and found 71 different operational measures of performance, grouped in eight major dimensions of which efficiency, growth and profit are most frequently used. Reid and Smith (2000) identified some relativist performance evaluation measures that ask what goals a firm has set, and then enquires in to the extent to which these goals have been achieved. In literature, various measures were used in determining the performance level of firms. Studies have used both financial and non-financial measures of performance (Venkatraman and Ramanujam 1987; Greely 1986). Others used subjective and/or objective measures to measure performance (Ramanujam, Venkatraman and Camillus 1986). When used these different measures are bound to give conflicting results because they measure different performance aspects of the firm. In recognition of this problem, Tosi and Gomez-Mejia (1994) suggested that performance should be measured with both financial and non-financial measures, employing subjective and objective data. Pushpakumari and Wijewickrama (2008) used both financial and non-financial measures such as annual sales, annual profits, number of employees, market share and reinvestment to the business to measure the business performance of SMEs. In the current study, business performance is identified in terms of including financial and non-financial measures of annual sales, annual profits, number of employees, market share and reinvestment to the business.

2.3 Personal Values and Enterprise Performance

Rokeach (1973) showed that personal values influence all behavior. This finding was reinforced by Kamakura and Mazzon (1991) who noted that the concepts of personal values and value systems have been used to predict various kinds of behavior. Bandura (1986) defined personal values as ideals that are maintained all circumstances. They arise from experiences in life and guide behavioral outcomes (Allport 1961). Personal values involve self-awareness and consciously influence choices and behavior. They are standards against which evaluations and judgments are made (Williams 1968). Personal values are the core of personality and influence all other characteristics, these are attitudes, evaluations, judgments, decisions and commitments (Feather 1988). These findings stated that personal values have an impact to determine the behavior of owner-manager within the organization.

Kilby (1993) notes that values are instrumental in advancing, constructive understanding of human behavior and consequent change. Thus it would seem that personal values should have important implications not only for the decision to pursue entrepreneurship, but the way in which the entrepreneur/owner-manager managing a business (Gasse 1977; Bird 1989; Bryan 1999).

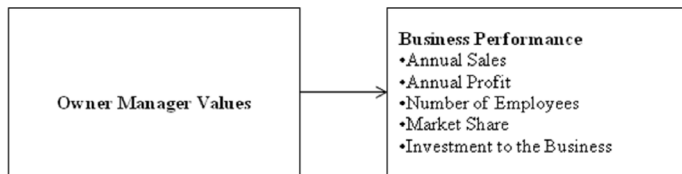
Although personal values differ among individuals, people with similar personal values can be grouped to form a personal type. Successful owner-managers have been identified with a personal value type referred to as entrepreneurial (Rokeach 1973; England 1975; Cunningham and Lischeron 1991; Silver 1988; DeCarlo and Lyon 1980; and Birch 1987). According to these researchers and writers, entrepreneurs place high value on ambition, achievement, reliability, responsibility, hard work, competence, optimism, innovation, aggressiveness, honesty, creativity, social recognition and growth. In contrast to entrepreneurs, conservative owner-managers rate low on the above values but high on values of equality, affection, compassion, and social protection (Rokeach 1973; England 1975). Kotey and Meredith (1997) noted that in reality, owner-managers exhibit combinations of the two personal value types. Although entrepreneurs will rate highly on most entrepreneurial personal values, they can also be conservative in certain respects. Further, Kotey and Meredith (1997) and Blackman (2003) found that owner-manager personal values and enterprise performance are empirically related. Their research also demonstrated that high performers exhibit entrepreneurial values and lower than average performers exhibit conservative values. Combination of entrepreneurial and conservative values of owner-managers achieves average performance. However, the all above studies related to values and performance have been done in developed western economies.

From a review of the above literature and to investigate the research objective, the following basic conceptualized research model (Figure 1 (a)) was developed to test the owner managers' values and their relationship with enterprise performance. Owner-managers' values were defined in terms of twenty seven (27) value items which is developed based on the literature (Kotey and Meredith 1997; Blackman 2003); achievement, autonomy, ambition, aggressiveness, equality, power, creativity, money, energy, prestige, security, social-recognition, pleasure, compassion, loyal-

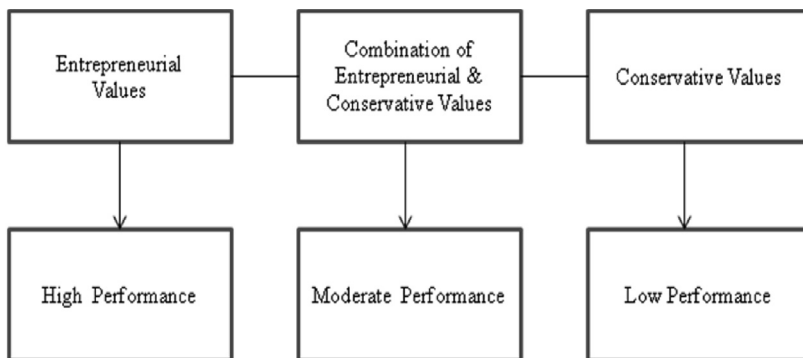
ty, trust, competence, competition, risk, social security, affection, growth, innovation, honesty, responsibility, hard work, and optimism. Business performance of SMEs was measured in terms of mixed with financial and non-financial measures including increased annual profits, annual sales, market share, number of employees and reinvestment to the business.

For the purpose of analysis, the model was extended from the basic relationships among these variables (Figure 1 (a)) to associations among dimensions of the variables as in Figure 1 (b). Mainly values can be categorized into three groups (Kotey and Meredith 1997) ; entrepreneurial values, conservative values and combination of entrepreneurial and conservative values (mixed values). Performance can be identified as high, moderate/average and low level of performance. Further, based on the findings of past studies this model shows that owner-manger with entrepreneurial personal values are likely to achieve high performance level. In contrast, owner-manager with conservative values would achieve low performance level. Between the two extreme dimensions of personal values are owner-managers with combination of entrepreneurial and conservative values likely to achieve moderate/average performance level.

The research methodology which was applied to investigate this conceptualized model is presented by the following.



(a) Basic Conceptualized Model



(b) Extended Conceptualized Model

Figure 1 : Conceptualized Model for Association between Personal Values of Owner-managers and Enterprise Performance

3. Methodology

3.1 Sample

For the purpose of achieving the main research objective, a total number of three hundred and twenty six (326) SMEs were selected from manufacturing SMEs in Aichi Prefecture in Japan. Aichi Prefecture is the third largest prefecture in terms of number of establishments of SMEs and also produced the highest shipment in Japan (Census of Manufactures 2007). Therefore, this prefecture has a high industrial contribution to the GDP and plays a crucial role in the economic development. The sample was selected employing random sampling technique. The two electronic data bases maintained by the Government of Aichi prefecture and the Aichi Association of Small Business Entrepreneurs (from 2005 to 2007) were used to draw the sample. Within these databases, only registered *manufacturing* SMEs were considered. 176 manufacturing SMEs were selected from the database of Government of Aichi Prefecture and 150 manufacturing SMEs were selected from the database of Aichi Association of Small Business Entrepreneurs. Accordingly, it made the total sample as 326 SMEs. It is noted that manufacturing SMEs employ the largest number of employees comparing to other SME industries in Japan (White Paper 2007). Further, SMEs whose employees are less than 300 were included in the sample as they are considered to be SMEs according to the Small and Medium Enterprise Basic Law of defining manufacturing SMEs in Japan (White Paper 2007).

3.2 Data Collection

The researcher collected primary data pertaining to owner-manager values and business performance and mail survey was conducted to collect them. The questionnaire method was chosen as a principal technique of data collection because it afforded the advantages of speed, cost and versatility.

A questionnaire was developed comprising four parts. First part was included seven questions related to owner-manager characteristics of age, sex, marital status, educational qualifications, experience, most important reason to enter business and whether owned a business by a family member of the owner-manager. Second part was followed by the questions related to the firm/business characteristics of legal form, involve industry, age, number of employees, source of resources, market for production, whether the business is a family business, and number of managers and supervisors. These data were utilized to identify a more meaningful profile of the sample. Thirdly, according to the methods adopted in the literature, in measuring personal values, different twenty seven value items were identified as mentioned in section 2.3. Within the questionnaire, participants were asked to rate the level of importance *they* attached to each personal value item on a five-point Lickert scale ranging from “very low important” (score 1) to “very high important” (score 5).

The fourth part was the Business performance which was measured in terms of annual sales,

annual profits, number of employees, market share (local and international) and investment to the business. Particularly, market share was considered as the total market share in local and international for producing all products by the firm. Respondents were asked to rate the *trend* of these performance items related to last three years (2005 to 2007) on a five-point Lickert scale ranging from "highly decreased" (score 1) to "highly increased" (score 5).

All developed questions were close ended, multiple typed and required ticking or circling the appropriate answer, thus minimizing the completion time. The questionnaire was pilot tested by administering it. The reliability of the measure for values and performance were evaluated and found to be acceptable with a *Cronbach's Alpha* 0.97 and 0.82, respectively. This developed self administered questionnaire was sent to the owner-managers of 326 organizations described in section 3.1 from the months of May to June in the 2008 fiscal year.

3.3 Data Analysis

In this study, for the purpose of achieving the main research objective and based on the nature of collected data, non-parametric statistical techniques were used as data analysis method. Specially, non-parametric techniques are ideal, when the data is measured on nominal (categorical) and ordinal (ranked) scales. Therefore, a non-parametric technique Mann-Whitney U test was applied to measure the relationship between owner-manager values and business performance of SMEs. This technique is used to test for differences between two independent groups on a continuous measure. Further, this test is the non-parametric alternative to the t-test for independent samples. Instead of comparing means of the two groups as in the case of t-test, the Mann-Whitney U test actually compares medians. It converts the scores on the continuous variables to rank across the two groups, and then it evaluates whether the ranks for the two groups differ significantly. If the calculated value (p) is less than 0.05, the relationship is significant between two variables. Moreover, to determine the influence of owner-manager and firm characteristics on personal values, Mann-Whitney U test and Kruskal-Wallis test were employed based on the number of categorized groups. Mann-Whitney U test can be applied to compare scores in two groups and Kruskal-Wallis test can be used to compare scores in more than two groups. Furthermore, descriptive statistics such as mean and standard deviations (SD) were calculated for examining the personal values of owner-managers. Statistical analysis was made by using SPSS (Pallant, 2001).

4. Results and Discussion

4.1 Sample Characteristics

A total of one hundred fifty four (154) SMEs responded to the Survey. The response rate for the distributed questionnaire was forty seven percent (47%). Due to the incompleteness of data, 10 questionnaires had to be disregarded. The remaining one hundred forty four (144) or forty four

percent (44%) was considered for the data analysis. The characteristics of the sample are presented in the following sections.

4.1.1 Owner-Manager Characteristics

According to the owner-manager characteristics of the sample, most of the owner-managers were more than 50 years old (58%). Specially, owner-managers were represented by majority of 96.5 percent male managers and 3.5 percent only female managers. Among them 92 percent were married. Based on the educational qualifications, one of the important features was that 68 percent owner-managers have possessed a university degree. Further, before entering to the present business 69 percent have had prior experience, while 31 percent had no any prior experience. Most important reason to enter to the business as was family business (72%) and 69 percent owner managers' family member (father, mother, brother and sister) owned a business.

4.1.2 Firm Characteristics

According to the firm characteristics of the sample, the majority of firms (86%) operated as joint stock co-operations while others were sole proprietors and limited companies. Nearly 71 percent of firms in the sample were firms employing fewer than 100 employees. Most of the firms in the sample were older firms and 86 percent of SMEs were more than 30 years old. Major source of financing the organization was personal savings (45%) and mixed with personal savings, family loan and bank loan was 32 percent. The production of firms was for both local and international market sharing equally. Presently, 36 percent firms operated as family businesses while the rest were non-family businesses. Most of the firms have two to five managers to manage the organization. Further, the following Table 1 shows the categorization of involved industry (listed according to the White Paper in 2007) of SMEs within the sample. The majority of firms operated in fabricated and metal products (20.8%) and machinery (13.2%) industries.

4.2 Examining the Values of Owner-Managers

Responses for the questions related to measure personal values of owner-managers are given in the following Table 2.

Percentages of number of respondents according to the level of importance to each value item are given in each cell with mean score and its standard deviation (SD) corresponding to each value.

According to Table 2, the calculated percentages and mean values illustrate that which values are the most important and least important. As shown, 75.7% of SME owner-managers have indicated "trust" as the most important value. This is further strengthened by its high mean value (4.74) and lowest SD (0.49). Ambition comes second with the mean value of 4.52 (SD = 0.52) and responsibility comes third with a mean value of 4.51 (SD = 0.56). In addition to these three owner-manager values, another four value items have scored over 4.40 (mean). These value items are

Table 1 : Involved Industry of the Sample

Industry	No. of Firms	%
Food and Beverages	12	8.3
Textile and Wearing Apparel	6	4.2
Furniture, Fixtures and Lumber and Wood	7	4.9
Paper, Printing, and Allied Products	9	6.3
Chemical, Petroleum, Rubber and Plastics Products	16	11.1
Leather	18	12.5
Ceramics, Stone, Clay, Glass, Concrete Products	8	5.6
Fabricated and Metal Products	30	20.8
Machinery (general, precision machines and others)	19	13.2
Electronic and Electric and Electrical Equipments	5	3.5
Automobile Parts (Motor Car)	9	6.3
Welding	5	3.5
Total	144	100.0

Survey data 2008

achievement, loyalty, energy and creativity. The higher level values of owner-managers within their work life which scored over 4.40 mean are shown in Figure 2.

On the other hand, prestige (Mean = 2.81 and SD = 2.81) is the least important value within the business. The least important level of seven values of owner-managers which scored below 3.81 (mean), (namely prestige, power, social security, optimism, affection, social recognition and equality) within their business are depicted by Figure 3.

The above analyzed data revealed that the important finding consistent with the literature. That is the most important personal values of owner-managers of SMEs are entrepreneurial values like achievement, autonomy, ambition, creativity, energy, loyalty, trust, honesty and responsibility rather than conservative values. Therefore, it can be said that having such high level of entrepreneurial values is a good characteristic of a successful enterprise which consist with literature suggested by Kotey and Meredith (1997) and Blackman (2003).

4.3 Influence of the Characteristics of Owner-Manager and the Firm on Values

In examining the influence of the characteristics of owner-manager on values, his/her age, sex, marital status, educational qualifications and experience were considered and as firm characteristics, age and size of the firm were considered. The following Table 3 presents the examined characteristic, applied statistical test and the results of significance levels to determine the influence of the characteristics of owner-manager and the firm on personal values of owner-managers.

According to Table 3, it depicts that the results of the significance levels of average score differences for each characteristic are greater than 0.05 (i. e. 0.33, 0.73, 0.36, 0.37, 0.41, 0.29, 0.81 >

Table 2: Owner-Managers' Rating Scores for Value Items

Value Item	Rating Scores (%)					Mean	SD
	VLI	LI	NI	HI	VHI		
Achievement	-	-	2.8	47.6	49.7	4.47	0.554
Autonomy	-	7.0	8.5	45.8	45.1	4.35	0.665
Ambition	-	7.0	2.1	41.5	55.6	4.52	4.520
Aggressiveness	0.7	0.7	25.4	45.8	27.5	3.99	3.990
Equality	-	7.0	26.8	45.8	20.4	3.80	3.801
Power	2.8	17.0	48.2	27.7	4.3	3.13	0.847
Creativity	-	-	7.7	42.3	50.0	4.42	0.634
Money	-	2.1	15.4	58.0	24.5	4.05	4.050
Energy	-	-	8.4	39.9	51.7	4.43	0.645
Prestige	10.5	23.8	45.5	14.7	5.6	2.81	2.810
Security	7.0	3.5	9.2	50.4	36.2	4.18	4.180
Social recognition	3.5	6.3	24.6	47.9	17.6	3.70	0.953
Pleasure		1.4	14.7	53.8	30.1	4.13	0.701
Compassion	7.0	-	11.9	55.2	32.2	4.18	0.688
Loyalty	7.0	-	4.2	44.1	51.0	4.45	0.647
Trust	-	-	2.1	22.2	75.7	4.74	0.487
Ability	-	0.7	14.0	52.4	32.9	4.17	0.685
Competence	-	4.9	21.7	50.3	23.1	3.92	0.800
Risk	-	4.2	19.7	51.4	24.6	3.96	0.785
Social Security	4.9	16.2	43.0	27.5	8.5	3.18	0.972
Affection	1.4	1.4	45.4	40.4	11.3	3.59	0.766
Growth	-	2.1	13.3	55.9	28.7	4.11	0.703
Innovation	7.0	0.7	12.8	58.9	27.0	4.11	0.694
Honesty	7.0	-	6.3	47.2	45.8	4.38	0.668
Responsibility	-	-	2.8	43.4	53.8	4.51	0.555
Hard work	0.7	-	7.7	56.3	35.2	4.25	0.657
Optimism	2.1	11.2	43.4	32.2	11.2	3.39	0.904

Survey data 2008

Note ; VLI-Very Low Important, LI-Low Important, NI-Neither Low or High Important, HI-High Important, VHI-Very High Important

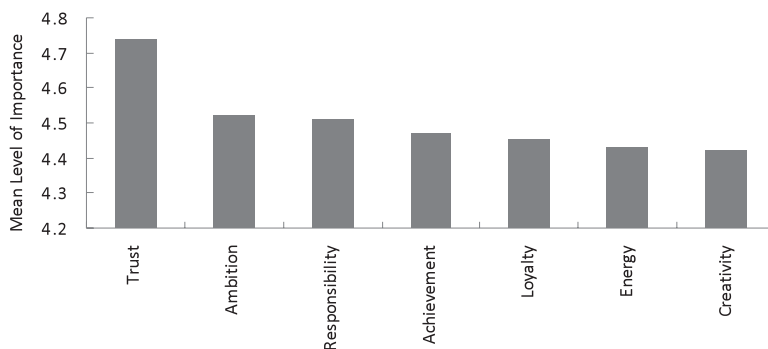


Figure 2: Most Important Level of Values of Owner-Managers of SMEs.

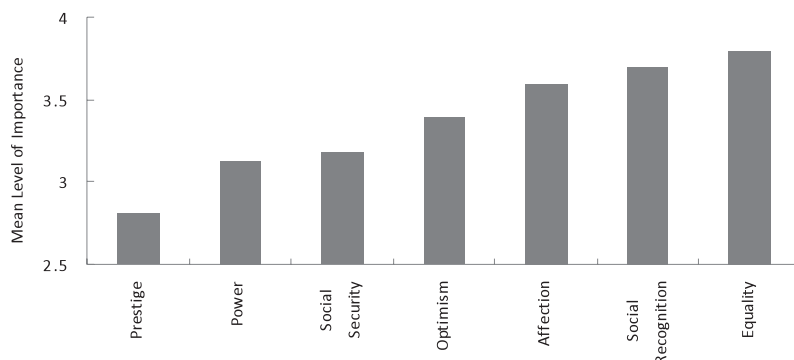


Figure 3 : Least Important Level of Values of Owner-Managers of SMEs

Table 3 : Influence of Characteristics of Owner-manager and Firm on Personal Values of Owner-managers

<i>Characteristic</i>	<i>Statistical Test</i>	<i>Significance Level</i>
Owner manager age	Kruskal-Wallis	0.327
Sex	Mann-Whitney	0.730*
Marital status	Mann-Whitney	0.355*
Educational qualifications	Kruskal-Wallis	0.372
Experience	Mann-Whitney	0.407*
Firm age	Kruskal-Wallis	0.293
Size of the firm	Kruskal-Wallis	0.808

* 2-tailed

0.05). Therefore, this evidence suggests that there is no significant influence of characteristics of either owner-manager or firm on personal values of owner-managers in SMEs.

4.4 Relationship between Values and Performance

For the purpose of investigating the relationship between values and performance, three categories of values; entrepreneurial, conservative and mixed values and five performance measures namely annual sales, annual profits, number of employees, market share and reinvestment to business were considered. Within the developed 27 value inventory included in the questionnaire, achievement, autonomy, ambition, aggressiveness, power, creativity, prestige, social-recognition, loyalty, trust, competition, risk, growth, innovation, honesty, responsibility, hard work and optimism were considered as entrepreneurial values and, equality, security, pleasure, compassion, social security and affection were considered as conservative values (Kotey and Meredith 1997; Pushpakumari and Wijewickrama 2009). Further, in these two categorizations, in determining the entrepreneurial values, high rate (scoring “high important” or “very high important”) for the above identified entrepreneurial values and low rate (scoring “low important” or “very low important”) for conservative values were considered. In contrast, to determine conservative

values, placed low rate for entrepreneurial values and high rate for conservative values were considered. With regard to the change in variables of business performance which were measured using ordinal scale of measure, the Mann-Whitney U test was used for the analysis. To ascertain whether there was a statistically significant relationship between values and change in business performance, this test was employed separately for two groups; entrepreneurial values and mixed values with five different performance variables. For the purpose of identifying the mean performance differences, mean score of each performance variable was calculated for the corresponding two groups. However, it should be noted that, only entrepreneurial values and mixed values were considered, as there were no respondents for conservative values.

The results of the Mann-Whitney U test (significance-2 tailed) related with two categories of entrepreneurial values and mixed values are presented in the following Table 4 along the corresponding mean performances.

According to the above Table 4, the mean of entrepreneurial values of owner-manager for sales was 3.52, but combination of entrepreneurial and conservative values of owner-manager was 3.06. It is indicated that mean of entrepreneurial values is higher than that of mixed values ($3.52 > 3.06$). To determine the level of significance of this difference, Mann-Whitney U test was employed. The result of the test was revealed that this difference is statistically significant ($P < 0.05$). Therefore, it can be stated that when the owner-manager has entrepreneurial values, they lead to greater increase in sales of SMEs.

In case of other performance variables, the means of entrepreneurial values (3.39, 3.39, 3.36, and 3.70) were also higher than that of mixed values (2.89, 3.04, 3.13, and 3.26) of owner-managers, namely, annual profits, number of employees, market share and reinvestment, respectively. These differences are also statistically significant at 5% level, other than market share. Therefore, at 5% level of significance, it was revealed that owner-managers with entrepreneurial values have a high performance in terms of annual sales, annual profits, number of employees and reinvestment to the business over that of owner-managers with mixed values. However, it is evidenced that market share has a moderately significant difference, as it significance at 10% level. Consequently, this reports that there is a significant relationship between personal values of owner-managers and business performance of SMEs.

Table 4: Mean Performance Differences for Level of Values

<i>Group of Values</i>	<i>Annual Sales</i>	<i>Annual Profits</i>	<i>No. of Employees</i>	<i>Market Share</i>	<i>Reinvestment</i>
Entrepreneurial	3.52	3.39	3.39	3.36	3.70
Mixed	3.06	2.89	3.04	3.13	3.26
Significance (2-tailed)	0.004	0.002	0.021	0.079	0.004

Note : All performance scores were measured in terms of *trend* over past three years (2005 to 2007).

4.5 Differences between Western and Asian Values

According to the analysis of values, the current study revealed that the most important values are trust, ambition, responsibility, achievement, loyalty, energy and creativity. In literature, the research studies conducted in western context have identified that successful owner-managers exhibit a personal value type referred to as entrepreneurial, placed high important with ambition, achievement, reliability, responsibility, hard work, competence, optimism, innovation, aggressiveness, honesty, creativity, social recognition, and growth (Rokeach 1973; England 1975; Cunningham and Lischeron 1991; Silver 1988; DeCarlo and Lyon 1980; Birch 1987). Interestingly, the finding of current study is also consistent with some of the most important values found as ambition, responsibility, achievement and creativity in western context. On the other hand, trust, loyalty and energy have also identified as most important values to owner-managers in Japan contrary to western context. It is expected and logical. The reason may be the unique Japanese culture which builds trust, loyalty and energy at the work place. Such vital features of Japanese management have a strong influence to work values. Furthermore, supporting to this, trust, loyalty, energy, duty, hard work and relationships tend to be strong values in an Asian cultural context and were the leading priorities in life (Morris and Schindehutte 2005). Surprisingly, optimism and social recognition which placed high in western context have become as least important in Japan. This is a remarkable difference in western and Asian context. These findings may argue against the need for different models of entrepreneurs/owner-managers of SMEs that are culture specific values, such as Asian and Western to be more applicable.

The present study indicates that owner-manager personal values and business performance are empirically related. This major finding is consistent with the previous study done in Australia (Kotey and Meredith 1997). They also found that owner-managers who have entrepreneurial values leads to high performance which is also strongly aligned with the present study.

5. Conclusions

Though there have been some certain limitations, there are three important conclusions were drawn from the study which could provide some useful insights to ongoing theory development and management practices in SME sector.

First, the research suggests that high level of entrepreneurial values of owner-managers lead to achieve greater increase in business performance whereas the mixed values of owner-managers lead to achieve average performance of the firm. Therefore, it can be generalized that owner-manager personal values and performance in manufacturing SMEs are empirically related. More specifically, based on the significance levels of each performance variables, the drawn conclusion is that there is a significant relationship between personal values and sales, profits, number of employees and reinvestment to the business. However, a moderately significant relationship exists between personal values and market share. These performance variables were measured in

terms of the trend over last three years.

Second, the most important level of high ranked value of owner manager is “trust”. In addition, the most important seven values of owner-managers within their work life of SMEs, in the decreasing order of ranking are trust, ambition, responsibility, achievement, loyalty, energy and creativity. In contrast to this, the lowest important levels of seven values in the least order of mean-values are prestige, power, social security, optimism, affection, social recognition and equality. Compare to western context, the vital difference is that trust, loyalty and energy are identified as the most important values in Japan. At the same time, optimism and social recognition are considered as the least important in Japan but has been identified as most important values in western context.

Finally, it was indicated that there is no significant influence of the characteristics of owner-manager or firm on their personal values in SMEs.

The results of this study must be interpreted in light of obvious limitations. One limitation of the study was that the results were also subject to the limitations commonly associated with all mail surveys in respect to the reliability and accuracy of information.

There is a need of future research to replicate the above findings employing multidisciplinary measures of business performance and also applying to other industries. On the other hand, it is also worthwhile to investigate the impact of values of owner-managers on management practices of SMEs. Furthermore, for the purpose of filling the research gap, it is important to conduct a comparative research to explore the differences of western values and eastern values of owner-managers of SMEs.

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