

Benefits and Impact of Mentoring for Entrepreneurs: The entrepreneur's perspective

Peter van der Sijde (Corresponding author)

Faculty of Social Sciences, VU University Amsterdam
De Boelelaan 1081, 1081 HV Amsterdam, The Netherlands
E-mail: p.c.vander.sijde@vu.nl

Geertjan Weijman

Consultant, Utrecht, The Netherlands
E-mail: geertjanweijman@gmail.com

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Abstract

The benefits and longer term impact in the relationship of a starting entrepreneur and his/her mentor are the subject of research from the perspective of the entrepreneur. Most research study the effects of mentoring on the benefits, during or shortly after ending the mentorship relation; this study focuses on the redefinition of the relationship. Results show that the benefits are determined by the experienced psychosocial support the entrepreneur experiences, the amount of trust and the intensity. Longer term impact is determined by the experienced benefits, not by the mentoring activities; the specific situation of an entrepreneur compared to a mentee in an organization could explain this finding.

Keywords: mentoring, entrepreneurship, benefits

1. Introduction

At the root of this study lies casual remarks by entrepreneurs. There was this entrepreneur who mentioned that he started his company participating in the start-up programme of the university from which he graduated. Part of the programme was that he was matched with an experienced entrepreneur, who would act as his mentor. This mentor would be there for his benefit and whether or not he would use the services of the mentor that was up to him. He mentioned that the relationship in his eyes was beneficial and that their relation continued after the start-up programme; not as a mentor-mentee relationship, but as a business relationship and the mentor became one of the shareholders in his company. Other entrepreneurs who participated in the same programme mentioned that the mentor had not been of any use to them and that they were glad that the relationship could be ended after a year. The match between the entrepreneur and the mentor is of importance, this has been observed by many researchers and is well researched (e.g. Blake-Beard et al., 2007; Hall,

2003; Little, 1990), research has also shown, that it has longer term effect, e.g. on leadership style (e.g. Chun, et al., 2012), management skills in general (St. Jean & Audet, 2012), organizational commitment (Lentz & Allen, 2009), career (Whitely, 1999) and salary (Chao et al., 1992). What intrigues are the questions about the benefits and long-term impact: what turns a entrepreneur-mentor relationship into a business relationship and why and how is it related to benefits during the mentoring period. In this contribution a number of hypotheses regarding these issues are developed and tested.

1.1 Mentoring and the entrepreneur-mentor relation

Starting a company can be a lonely affair, starting entrepreneurs need a listening ear and many (university) start-up programmes included mentoring into their support programmes (Klofsten & Öberg, 2012; Van der Sijde et al, 2002; Kirwan et al, 2008). According to St-Jean and Audet (2012) mentoring involves a support relationship between an experienced entrepreneur (the mentor), and a novice entrepreneur (the mentee), in order to foster the latter's personal development. Mentoring means (Fletcher, 2000) guidance and support through difficult situations, but also to building up self-confidence; it involves personal as well as professional development: the benefits for the entrepreneur (as the mentee) are of a personal and a business nature.

Four stages of evolution through which a mentoring relationship progresses (Kram, 1983): Initiation, cultivation, separation and redefinition. In the initiation phase the relationship between the entrepreneur and the mentor is established, in the cultivation phase the actual "mentoring activities" takes place in the dyadic relation of the mentor-entrepreneur. This stage is at some time followed by the separation phase in which the entrepreneur and the mentor end the mentor relationship and in the final phase ("redefinition") both the entrepreneur and the mentor enter into a relationship in which they are (more) equal ("peers") or, as Kram observes, "the relationship ends entirely" (Kram, 1983, p. 614). This last phase is the topic of this study.

Mentoring activities are divided into career-related and psychosocial activities (e.g. Kram, 1983). Career-related support activities are directly related to the "protégés career advancement" (Chao, 1997); in the case of an entrepreneur it is difficult to separate the entrepreneur from the company and supporting the career advancement of the entrepreneur also means the development of the company; in the framework of this contribution it is referred as "company support" for this reason. The mentor activities are directed toward the entrepreneur in order for him to acquire the skills and knowledge required to succeed in his/her own company (Sullivan, 2000). The psychosocial support activities include sponsorship, coaching, exposure-and-visibility, protection and challenging assignments (Kram, 1983). It focuses on the identity and competence (Chao, 1997), but for an entrepreneur in the context of his/her own company. In this study the contribution of the two mentor activities with respect to the benefits is researched:

H1: The experienced psychosocial support influences (a) the benefits and (b) the longer term impact.

H2: The experienced company support influences (a) the benefits and (b) the longer term impact.

1.2 Successful mentoring and the redefinition of the relation

Mentoring is an instrument often used to support entrepreneurs who for instance enter a support programme (e.g. Kirwan, et al., 2008) or receive venture capital (Thompson & Downing, 2007) and a variety of factors are mentioned in the literature that contribute to the success of mentoring. Mentoring means the support of an expert to overcome problem a starting entrepreneur encounters (Sullivan, 2000). In this study we explore trust between the mentor and the entrepreneur, the frequency, intensity and content of the support (psychosocial support, career support) the mentor brings into the relationship. Nevertheless, a mentor relation ought to be “beneficial” for the entrepreneur. In the literature many aspects are mentioned to be benefits of the relationship (e.g. Leck & Wood, 2013; Strauss et al., 2013), such as career advancements, support, learning, increased confidence, positive visibility, satisfaction etc.

Trust is critical for relationship exchange quality (Young & Perrewé, 2000) and one of the essential components of cooperative relationships like in a mentoring relationship (Bierema et al, 2002). The study by Davis et al. (2000) revealed that trust was found to be related with sales, profit and turnover. In this study the relationship with “benefits” is explored and this leads to the following hypothesis:

H3: The degree of trust in the relationship with the mentor as reported by the entrepreneur determines the benefits (s)he experiences.

The frequency of contact often is named as something that can determine whether or not a mentoring relationship is successful and may affect the dynamics of the mentoring relationship (Allen et al., 2003; Bierema et al., 2002; Dubois, 2005; Whitely et al, 1991), although often named, not often researched, as Wanberg et al. (2003) conclude. Exceptions are the studies by Waters et al (2002) in which the frequency of mentor contact predicts the entrepreneur’s (business owners) perceptions of business success and Ragins et al (2000) that establish that mentoring is more effective with a fixed frequency. In this study the relationship between the frequency of the mentor-relationship and the benefits the entrepreneur experiences is explored:

H4: The frequency of the mentor-relationship determines the benefits the entrepreneurs experience.

The involvement of the two parties (mentor, entrepreneur) in the relationship determines how intense it is. Many hypothesize this (e.g. Mertz, 2004; Haggard, 2011) but hardly any research supports this. It is hypothesizes that:

H5: The intensity of the mentor-relationship determines the benefits the entrepreneurs

experience.

In the redefinition stage the mentor and the entrepreneur become, more or less, equal peers. Leaving ending the relationship out of the picture, Kram and Isabella (1985) identified three types of peer relations: the information peer relationship, the collegial peer relationship and the special peer relationship. Some relationship will develop further than others. With regard to entrepreneurs and their companies the model developed by Baaken (e.g. Dottore, et al., 2010) on strategic partnering identifies similar relationships for organizations: from contact, to advice, to collaboration. Partnering between companies is entering into a relationship, and in this contribution we explore the role of the mentoring process on the continuation of the relationship after the mentor period and call the stages of collaboration after ending the mentor period information (comparable to the information peer”), advice (comparable to the “collegial peer”) and cooperation (comparable to the “special peer”) and formulate the following hypothesis:

H6: (a) The mentoring process and (b) the perceived benefits determine the degree of collaboration (long term impact) between the entrepreneur (and his/her company) and the mentor (and his/her company) after ending the mentor-relation.

2. Method

2.1 Respondents

As respondents were invited entrepreneurs who participated in an entrepreneurship (start-up) programme in which mentoring was part of the support provided. All entrepreneurs graduated at least one year before from their (start-up) programme. In total 206 entrepreneurs were contacted of which 83 responded, a response rate of 33%; not all respondents completed the questionnaire. About 80% (n=66) of the respondents were male and 20% (n=17) were female.

2.2 Instruments

A questionnaire was developed based on the literature and administered to the respondents (see Table 1). The factor analysis (with varimax rotation) with four factors (which explained 68.24% of the variance), followed up by a scale analysis (see Table 1 for the Cronbach's alpha's) confirmed the structure of the developed instruments; all scales had an alpha-reliability score of higher than .70 and can be considered as measuring the constructs in a reliable manner. Intensity was measured with a single item. All items were score on a 4-point Likert type scale. The variable “long term impact” is the weighted sum of “contact” (weight: 1), advice (weight: 2) and cooperation (weight: 3).

Table 1 Operationalisation of the concepts in instruments and descriptives

	# items	Cronbach's α	N	Mean	s. d.	Topics of the items in the questionnaire	Reference
Intensity	1	-	75	3.05	1.21	Experienced intensity of the mentoring activities	
Frequency	1	-	74	2.30	.87	How often did you meet your mentor during the mentor year: 1x, 2x, 4x, more often	
Trust	10	.95	71	13.92	5.55	Competence, Consistency, Fairness, Trustworthy, Integrity, Loyalty, Openness, Promise fulfillment, Overall trust, Receptivity	Butler, 1991
Psychosocial support	8	.94	59	22.89	8.59	Personal satisfaction Personal development Emotional support Friendship	Waters et al., 2002
Company support	10	.89	61	26.36	9.44	Technical Matters, Economic and Financial matters, Market matters Organizational Matters, Strategic Matters	Waters et al., 2002
Benefits	8	.96	65	38.60	12.00	Creativity, satisfaction Career advancement, Trust Recognition, Obtain valuable information	Ragins & Scandura, 1999
Long term impact	3	.93	63	15.98	6.92	Contact Advice Cooperation	Kram & Isabella, 1985; Dottore et al., 2010

2.3 Procedure

The questionnaires were distributed among the potential respondents by the second author. Part of the questionnaires were distributed via the e-mail and some during network meetings of entrepreneurs.

3. Results

Table 1 gives an overview of the means the standard deviations and intercorrelations of the variables used in this study, while Table 2 presents the correlation between them.

Table 2 Correlation between the scales

	Frequency	Intensity	Trust	Psychosocial support	Company support	Benefits
Frequency						
Intensity	-,465**					
Trust	,204	-,369**				
Psychosocial support	-,380**	,632**	-,360*			
Company support	-,281*	,548**	-,273*	,529**		
Benefits	-,346**	,712**	-,535*	,752**	,611**	
Long term impact	,394**	-,345**	,398**	-,564**	-,287*	-,585**

* $p < .05$, ** $p < .01$

The results of the regression analysis on the benefits for the entrepreneurs show that the benefits are determined by the intensity of the relationship with the mentor and the trust between them. The regression analyses in Table 3 show that trust and intensity are significant variables for the benefits on all tested models (these findings confirm H3 and H4); model 2 explains most variance and in this model “psychosocial support” is significant (this confirms H1a) . “Company support” is significant in Model 3, but this model explains less variance.

Table 3 Regression analysis on the benefits for the entrepreneur

	Model 1	Model 2	Model 3	Model 4
Frequency	-.063	.035	-.033	.038
Intensity	.573*	.391*	.404*	.333*
Trust	-.302*	-.209**	-.270*	-.207**
Psychosocial Support		.408*		.353**
Company Support			.341*	.163
R	.756	.826	.805	.829
R ²	.585	.683	.649	.649

* $p < .01$, ** $p < .001$

Table 4 shows that for the long term impact Model 3 explains most variance and indicate that the variance in the long term impact is explained by the perceived benefits (support H6b) during the mentor period. Trust (marginally significant in Model 1), intensity and frequency only explain 24% of the variance.

Table 4 Regression analysis on the long term impact

	Model 1	Model 2	Model 3	Model 4
Frequency	.244	.193	.111	.135
Intensity	-.140	.218	.257	.259
Trust	.259 ^o	.087	.017	.008
Psychosocial Support			-.241	-.191
Company Support				.011
Benefits		-.610**	-.572**	-.604*
R	.488	.612	.647	.641
R ²	.238	.375	.418	.410

^o p<.05, * p<.01, ** p<.001

4. Discussion and conclusion

Starting entrepreneurs encounter many problems; problems of a personal nature (how is it to be an entrepreneur) and of a business nature (ranging from how do I find – new – customers to what should my company strategy be and how do I finance my business). Advice and support have a price that many starting entrepreneurs are not able to afford, unless it is part of a programme in which they participate. Fortunately, there are many of those programmes (see e.g. Van der Sijde et al., 2002 for some European examples). Many authors discussed the differences between mentors, coaches and advisors (Thompson & Downing, 2007; Klofsten & Öberg, 2012), we did not consider the differences. In this study we focused on one specific element that is incorporated in almost all of these (university spin-off) programmes: mentoring and what effect does mentoring have in the perception of the participating entrepreneur. What are the benefits on the short and longer term and what determines the benefits. With regards to the benefits our results confirms those of other studies: trust and intensity explain a significant amount of variance in the benefits. Table 5 gives an overview of the hypothesis and the outcomes of this study. Frequency, as often is supposed to contribute, does not do this significantly. This result is not a contradiction on the Waters et al (2002) study, because in that study an effect was found for the effect of scheduled feedback, which was not the case in this study. The career-related support, in this study interpreted as the support with regard to the company, as, in our opinion the career of the entrepreneur in the start-up phase cannot be separated from the development of the company. Nevertheless, the results show, that this type of support does not significantly contribute to explain the perceived benefits; although in one of the regression models, the variable is significant, but

since the amount of variance in this model is lower than the other model, we reject Hypothesis 3a. This aspect needs further research, especially of a qualitative nature, to study in more depth the differences between positively experienced mentoring activities versus negatively and “neutrally” experienced activities, because in many studies the beneficial effect of advice on company performance have been established. Company-support in this study was operationalized as advice on many aspects of the company (see Table 2). Maybe entrepreneurs have to learn how to cope with advice. Psychosocial support on the other hand is of importance and impacts the perceived benefits.

Table 5: Overview of the hypotheses and the results

H1: The experienced psychosocial support influences (a) the benefits and (b) the longer term impact.	H1a: supported H1b: not supported
H2: The experienced company support influences (a) the benefits and (b) the longer term impact.	H2a: not supported H2b: not supported
H3: The degree of trust in the relationship with the mentor as reported by the entrepreneur determines the benefits (s)he experiences.	H3: supported
H4: The frequency of the mentor-relationship determines the benefits the entrepreneurs experience.	H4: not supported
H5: The intensity of the mentor-relationship determines the benefits the entrepreneurs experience.	H5: supported
H6: (a) The mentoring process and (b) the perceived benefits determine the degree of collaboration (long term impact) between the entrepreneur (and his/her company) and the mentor (and his/her company) after ending the mentor-relation.	H6a: not supported H6b: supported

In redefining the relationship after the mentor-relationship the results show that the intensity and the content of the mentoring did not play a role, but only the perceived benefits were of significant importance. This implies, that for a – business – relationship entrepreneurs might have an opportunistic approach: if a relationship can be financially or strategically beneficial an entrepreneur chooses to enter that relationship regardless the mentoring experiences in the past. Maybe an entrepreneur can delegate the cooperation with the former mentor, in case of a negative experience, to a partner-entrepreneur or an employee, something a mentee in an organization is unable to do. This observation draws the attention to the context and the purpose of mentoring: the employee in a company, the entrepreneur in his/her own company different context and different objectives – a topic to explore especially in relation to career-related support.

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