UNIVERSITY OF NORDLAND

BODØ GRADUATE SCHOOL OF BUSINESS

MASTER THESIS

BE

~~EK~~ 307E Entreprenørskap og innovasjonsledelse

The Sámi firm:

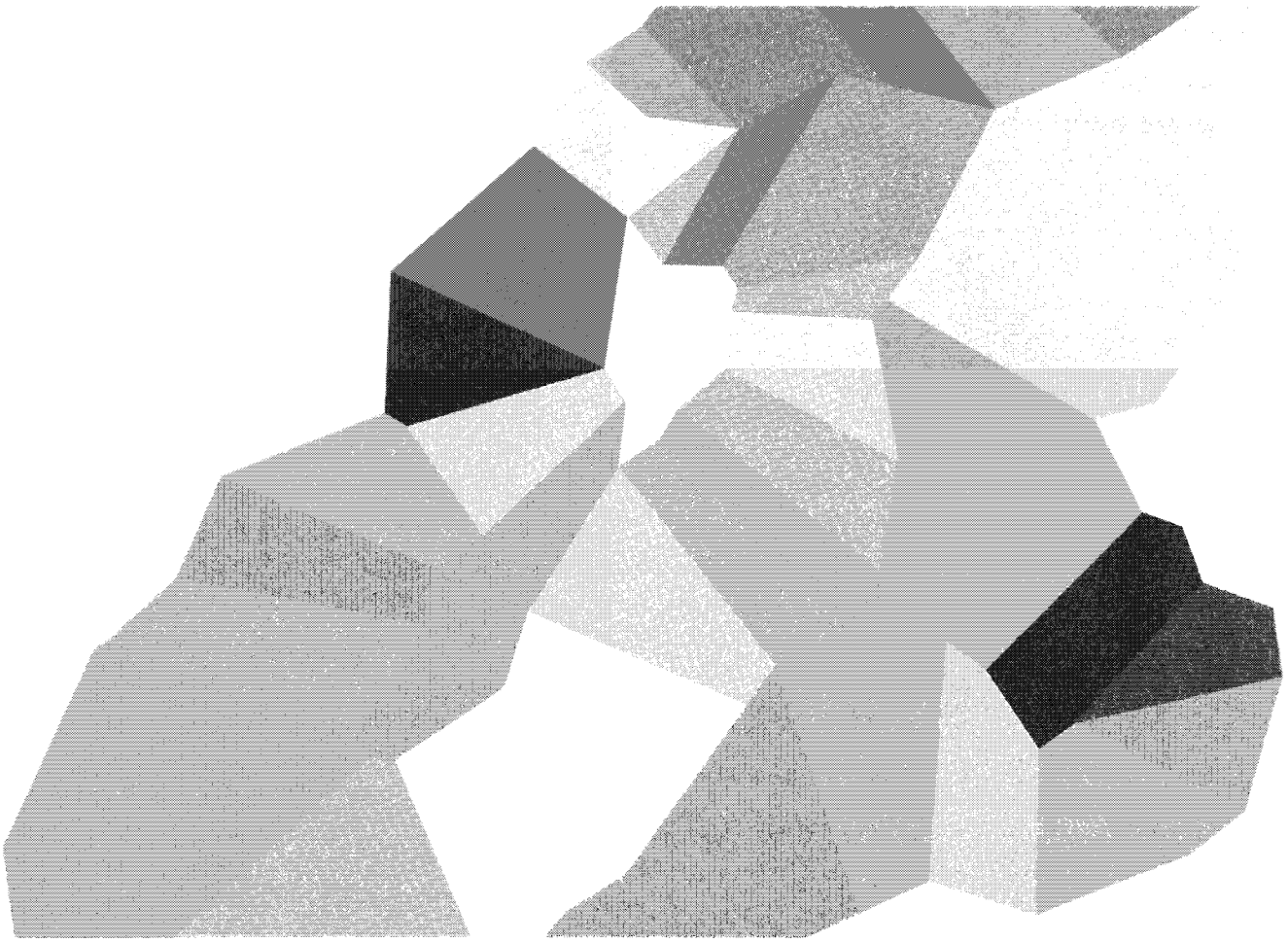
Obtaining good value growth rates

despite less financial resources available

by

Lars Th. Kintel

Våren 2012



Bedriftsøkonomi master Kin

Sammendrag

Denne Masteroppgaven i entreprenørskap og innovasjonsledelse er en studie av bedrifters tilgang på kapital i samiske områder. Samiske og Norske bedrifter sammenlignes, dels for å identifisere om samiske bedrifter har svakere kapitaltilgang, og for å få innsikt i hvordan den rådende kapitalsituasjonen påvirker verdiveksten i selskaper. Bedriftene sammenlignes med hensyn til finansiell verdivekst, geografisk markedsorientering, investert egenkapital og nettverk. Oppgaven tar utgangspunkt i å avdekke forskjeller mellom samisk og ikke-samisk eide bedrifter i de samiske kjerneområdene. Disse er generelt næringssvake områder med svært få bedrifter eid av kvinner. En målsetning med oppgaven er å identifisere om det er behov for spesifikke tiltak for å styrke næringslivets kapitaltilgang i samiske områder, og om dette bør gjelde bare samiske bedrifter eller alle bedrifter i regionene.

Med utgangspunkt i teori for vekst koblet med minoritets- og urfolksteorier har en funnet at samiske entreprenører har begrensninger som kapitaltilgang og større fokus på ikke-økonomiske mål. På samme tid er Samiske entreprenører flinkere i "bootstrapping", det vil si å utnytte ressursene mer effektivt og erstatte finansiell kapital med økt privat bidrag for å finansiere sin bedrift. Det er trolig felles for alle typer bedrifter i undersøkelsesområdet at en ikke har vilje og/eller ressurser nok til å utvide ens geografiske markedsorientering og at denne viljen påvirkes av at kapitaltilgangen er vanskelig. Det siste er oppgavens begrensning, fordi den ikke fanger opp betydningen av entreprenørens motivasjon for vekst. Mangel på ønske om vekst kan også være forklaringen til lave geografiske markedsambisjoner i disse områdene.

Oppgavens problemstilling er om det er forskjell mellom samisk og ikke-samisk eide bedrifter i hvordan kapitalvekstfaktorer påvirker finansiell vekst.

Oppgaven er kvalitetssikret ved at bedriftene i hver gruppe er godt sammenlignbare. Alle bedrifter har sin virksomhet i de samme samiske områdene i Nord-Norge, nærmere bestemt 6 kommuner. Regnskapsdata er anvendt for å verdsette selskapene gjennom superprofitt-modellen. 33 selskaper med antatt verdi over 1 mill. NOK er med i utvalget, 17 samiske og 16 ikke-samiske, det vil si et svært balansert utvalg som gir et godt sammenligningsgrunnlag.

Samiske bedrifter har litt mindre investert egenkapital og daglig leder har litt mer begrenset nettverk men for øvrig er det ingen signifikante forskjeller med hensyn til finansiell verdiøkning over tre år mellom gruppene av foretak, geografisk markedsorientering er lik og antall eiere er lik i begge

gruppene. Så oppgavens hovedfunn er at det er svært marginale forskjeller mellom samisk og ikke-samisk eide bedrifter i variablene nevnt over.

Oppgaven viser også at det er en signifikant sammenheng mellom investert egenkapital og finansiell vekst i samiske bedrifter, men ikke i norske bedrifter. Vi har jo som nevnt allerede konstatert at samisk eide bedrifter har litt mindre investert egenkapital kontra ikke-samiske, men det kan synes som om dette siste funnet at det er sammenheng mellom investert kapital og vekst betyr at samiske bedriftseiere er flinkere til å skape større vekst jo mer kapital en investerer. Dette funnet tolkes slik at samiske eiere er flinkere i "bootstrapping", det vil si å utnytte begrensede finansielle ressurser best mulig. Dette er i samsvar med det teoretiske rammeverket oppgaven drar opp. Det er en signifikant sammenheng mellom geografisk markedsorientering og finansiell vekst for norske bedrifter, men ikke for samiske. Det var ingen signifikant sammenheng mellom nettverk og finansiell vekst for bedriftene i utvalget. Det betyr at antall eiere og antall kontakter daglig leder har ikke er avgjørende for vekst i undersøkelsesområdet. En forklaring kan være at i dette området trenger en ikke så mange kontakter blant andre bedriftseiere og ledere, men at kontakter med privatpersoner som ofte er kunder er vel så viktig. Mange av disse bedriftene er servicebedrifter med salg direkte til kunde.

Oppgaven viser at selv om samiske bedrifter har mindre investert egenkapital så har de like stor finansiell verdivekst som ikke-samiske. Det betyr at samiske entreprenører er dyktigere til å skape vekst av investert kapital enn ikke-samiske eiere er.

Preface

This Master thesis has been written as the final part of my Master of Science in Business studies. My specialization has been Entrepreneurship and Innovation Management. The Master thesis is weighted 30 ECTS 2012 spring.

I want to thank my supervisor *Erlend Bullvåg* for good feedback when needed. He has also been responsible for the entire specialization and thanks to him I have enjoyed a good development in the inspiring field of Entrepreneurship even though I had quite a good basis because this is my third year studying it.

I also want to thank the respective informants from the municipalities that have identified the ethnicity of the owner of the companies in the selection as best they could.

Bodø, May 22. 2012

Lars Th. Kintel

Lars Theodor Kintel

Abstract

This Master thesis investigates differences in access to financial capital and consequences for company valuation among Sámi and non-Sámi companies in North Norwegian Sámi regions. Access to capital is very important both for the entrepreneurs seeking value growth and dividends from their investment, and for the ability to exploit growth potential in these regions. In order to determine if special capital initiatives should be develop for the Sami regions, this research investigate if Sámi, non-Sámi, or both categories of companies, experience capital scarcity reducing growth in value and ability to exploit business opportunities. Differences is measured with regards to company financial value growth, market expansion orientation, level of private equity invested, and the use of network as source of finance. The aim is to reveal variations and similarities between Sámi and non-Sámi owned companies present in the same business environment.

The thesis reveals that there are only marginal differences between Sámi and non-Sámi companies with regards to value growth. Sámi companies have a little less invested equity and limited CEO network, but there were no significant differences between financial value growth, geographical market orientation and number of owners between these groups of companies.

The results show a significant correlation between the amount of invested equity and financial growth for Sámi companies, but not for non-Sámi companies. One implication is that Sami companies experience lack of financial capital compared to Non Sami firms. There is also a significant correlation between geographical market orientation and growth in firm value for non-Sámi companies, but not for Sámi. There was no significant correlation between network and financial growth for the companies in the selection. The reason might be that many of these companies are in service industries and sell directly to private customers, and hence need fewer contacts in the professional business life.

The thesis finds that despite comparably less Invested Equity levels are Sámi companies growing at the same rate as non-Sámi. Two major implications can be drawn. In order to stimulate value creation and growth, one should establish initiatives improving access to financial capital for all companies in Sami regions. Sami companies will benefit the most from this, but the growth potential in these regions could be much better utilized. The second major implications, is that the market proves to be a strict selection mechanism, making capital access a problem for all companies in Sami regions.

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Glossary of Concepts

Sámi : a person belonging to the indigenous people of Norway (and Sweden, Finland and Russia).

Indigenous: a people that habituated certain area before country borders were defined.

Financial growth: in this thesis meant as the increase in a company's financial value.

Equity: the value of an ownership interest in property, including shareholders' equity in a business

Return on Equity: the amount of profit computed by dividing net income before taxes less preferred dividends by the value of stockholders' equity, usually expressed as a percentage

Cost of Equity Capital: The rate of return required by a company's common stockholders.

Total Beta: Total beta is the relative standard deviation between a stock and the market, used to capture total risk.

Correlation analysis: correlation explains the connection between two variables.

"Bootstrapping" financing by reducing private consumption or increasing mortgage loans on private homes.

Invested Equity: In this thesis meant as a figure called 'sum innskutt egenkapital' in Norwegian financial reports.

Chief Executive Officer (CEO): in Norwegian: 'daglig leder'

1 Introduction

1.1 Background

The purpose of this paper is to examine capital availability for young Sámi entrepreneurs. Much of the research on entrepreneurship among Indigenous People is done either from a social science perspective or humanitarian and resource right perspective. [1] The knowledge body concerning Sámi entrepreneurship, is scarce and in addition biased towards businesses active in reindeer husbandry. Reindeer husbandry is an important Sámi industry, but only 10% of the adult Sámi population(*Sámisk statistikk. Sámi statistihka* 2010) are engaged in reindeer husbandry, meaning the majority of the Sámi workforce is involved other types of businesses. Little is known about their involvement, and especially about younger person's involvement in business life. . Foreign research like Dana & Light (2011), and trendsetting international books like *International handbook of research on indigenous entrepreneurship* (L.P. Dana & Anderson 2007) and *The Geography of Entrepreneurship – Handbook of Entrepreneurship Research* (Plummer & Pe'er 2010) focus only on reindeer husbandry when picturing Sámi entrepreneurship. This somewhat biased approach, originates both from the definitions of research focus, definitions of populations, traditional view as reindeer husbandry as most common Sámi occupation and failure to notice the diversity one find in business life and entrepreneurship among Sámi people. This might possibly have many explanation, one might be that the informants used amongst the Sámi people itself are either not aware or neglecting other industries as a result of relative lack of status for other industries within the Sámi people, see for example (Eythorsson ,2003). This is one reason why I have chosen to apply a wider perspective on business life among Sámi people in this thesis.

1.2 Actualization

This subject is very relevant because there are several projects running presently or soon to start with the aim of increasing the entrepreneurial competence and ability amongst Sámis[2] , Sámi women[3] and Sámi youths[4] and youths in the Barents area[5] specifically. This means that within few years the supply of Sámi entrepreneurs to the economy will increase significantly.

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[1] See for example: http://cwis.org/
[2] Se for example *Sájtte* in *Jokkmokk, Sweden:* http://www.strukturum.se/pro/default.asp?ID=152&menu_item=152
[3] *Sápmi Business Bootcamp, Sweden:* http://sapmibiz.se/
[4] *Indigee, Indigenous Entrepreneurship* in the *Barents Euro-Arctic* region: www.indigee.org

Some of these entrepreneurs will probably face capital availability as a major challenge for venturing their business. As we will see later, allowing the entrepreneurial potential of this group flourish is very important in order to fulfill the ambitions of the respective nation-states. But before we can get there, we need to know more about the mechanisms affecting capital availability for Sámi entrepreneurs.

1.3 Research questions

The focus in thesis is factors affecting growth of companies and whether there there are ethnic differences between them. The thesis is focused on the high north of Norway, looking at differences between companies owned by the Indigenous People of Norway, the Sámis, and non-Sámis inhabiting the same area. No studies have tried to tried to explain this phenomena before, so the thesis will depart from relevant finance theory together with minority and Indigenous business theory to explain variations in company financial value growth by looking closely at geographic market orientation, capital availability and network of these companies based on financial reports of the activities of the companies.

The research question for this thesis is as following:

Are there any differences in factors affecting financial growth in Sámi owned and non-Sámi owned companies?

As there are many factors affecting financial growth, the question has been split into three sub questions that each are to be

1.3.1 Sub-question one:

Does market orientation affect growth in Sámi-owned and non-Sámi owned companies differently?

Market orientation as in which geographical market the company aims for, is believed to affect financial growth because the larger your potential market is, the higher should your potential for generating revenue be.

[5] *Young entrepreneurs in Barents*: http://www.barentsyouth.org/kick-off-of-young-innovative-entrepreneurs-project.5041291-71662.html

1.3.2 Sub-question two:

Does capital availability affect growth in Sámi-owned and non-Sámi owned companies differently?

Capital availability is important to gain value growth because plainly said does money generate more money.

1.3.3 Sub-question three:

Does network affect growth in Sámi-owned and non-Sámi owned companies differently?

Network is important to gain value growth because the more resources you are able to obtain, the higher growth can be created out of those resources. And these resources are available to you through your network.

1.3.4 Clarification

The thesis will not focus on tiny companies with high fluctuations in financial report digits. It will focus on mainly growing companies and only companies with a computed value above 1 mill. NOK by the end of 2012 will make up the selection. These companies are operating in the same environment because the selection has been made on the basis of 6 rural municipalities with high Sámi populations, and by that the results will be very comparable.

The entire thesis has been built up around these three sub questions to keep it structured and easy to read. As we will return to later, there is one factor explaining financial growth that thesis does not directly touch upon: motivation of the owner(s). The reason being that this variable has to be clarified by surveys or interviews which are beyond the time and resources available for this master thesis.

1.4 Further reasoning behind the research question

1.4.1 Why is it important to invest in Sámi entrepreneurs?

All entrepreneurs including Sámi pursue entrepreneurship from a opportunity driven standpoint. The better opportunities one find, explore, and grow, more wealth, economic growth and jobs will be created in Sámi regions. Increased entrepreneurial capacity and access to venture finance is very important for the dynamics in same regions. Capital availability for Sámi entrepreneurs is even more important than for Norwegian entrepreneurs, since Sámi entrepreneurs tend to establish their

businesses in traditional Sámi living areas. By strengthening the supply of new firms, one strengthens the entire community they are living in, and directly improve living conditions. Increased investment in new Sámi ventures will be more important in Sámi regions, since these regions attractiveness for Sámi people and others will increase.

> *Gitt at levedyktige Sámiske lokalsamfunn anses som en (hoved)betingelse for styrking og utvikling av Sámisk kultur, språk og samfunnsliv, kan de pågående befolkningsendringene i mange slike lokalsamfunn synes foruroligende. Selv om mange demografiske utviklingstrekk innenfor SUF-området samsvarer med trekk utenfor området (både regionalt og nasjonalt), vil SUF-områdets befolkningsendringer kunne medføre mer omfattende konsekvenser i et Sámisk perspektiv.* (Todal 2008:58)

This quote contents that strong Sámi communities is of an outmost importance for the strengthening and development of Sámi culture, language and society. Investing in T Sámi entrepreneur will promote both new firms and strengthen cultural and society structures.

Acs and Armington (2004)Using data on 394 local economic areas and six industrial sectors, covering the entire (non-farm) private-sector economy of the USA, it was found that higher rates of entrepreneurial activity were strongly associated with faster growth in local economies.

1.4.2 Entrepreneurship as a pathway towards Sámi self-determination?

Firstly, there is a need to clarify the term self-determination. It is not meant as in creating a new state, there is no political trend or acceptance for establishing an own Sámi state neither among Sámi politicians nor the parties in the Norwegian Parliament. (Henriksen 2008) Dr. Juris Laila Susanne Vars, now Deputy President at the Sámi Parliament of Norway, asks why not turn the question the other way around and consider carefully whether acceptance of the rights of Indigenous People itself is a suitable tool to reduce conflicts and reach peaceful agreements between the nation states and Indigenous People. (Henriksen 2008:21) An important part of self-determination however, is economic independence, meaning there is a need for increased supply of new ventures in Sámi regions. However, we need to know what kind of initiatives, support systems and framework conditions who needs to e put in place in order to increase entrepreneurship in Sámi regions. Increased economic wealth opens for many attractive effects. Timothy Bates (1997) finds that self-employment and upward mobility are open to those who are highly educated and skilled, often possessing significant personal financial resources. He addresses the place of entrepreneurship in

upward mobility among disadvantaged persons and the role of government in assisting them. The Sámis are definitely disadvantaged persons after decades of systematic assimilation by the respective Governments that ended in the 1980-ies. We need to find out how the Government eventually could assist increased business activities in Sámi regions and better framework conditions for Sámi Entrepreneurs.

Challenges for indigenous people are not unique to Norway. We have seen from countries of former racist or communist regimes, like the apartheid in South Africa, how important economics are in reaching a non-racist state. South Africa has put into action an extensive plan of benefits to previously disadvantaged individuals mostly concretized by Black Economic Empowerment. This means that black-owned enterprises are to be given priority when competing for i.e. government tenders. It's an important question to discuss if these types of affirmative action schemes would be suitable in Norway.

1.5 Structure of this thesis

The thesis is set up in the following way. The thesis comprises seven main chapters, which are outlined below:

Chapter one is dedicated to presentation of the background for the thesis and to the introduction of my research problem. Here I distinguish the scope and reveal the purpose of the study. I also determine which direction I intended to take in regards to theoretical review and methodology.

In the next chapter (2) I present the geographical area that makes up the selection of municipalities to be examined in this thesis.

In chapter three have I reviewed already developed literature that I have chosen to include in my thesis.

In chapter four I present the methodology of the conducted research. It describes how research is designed and managed, including sources of data, data collection methods, what research design I are using and the research model of the thesis. Strengths, weaknesses, implications and some limitations of the research are presented.

In Chapter five I present my findings from my research. At the same time I discuss the findings presented.

Chapter six summarizes the research findings. Proposals for further research are also included.

The research findings and draw conflations. Strengths, weaknesses, implications and some limitations of the research are discussed. Proposals for further research are also included.

2 An introduction to the geographical area studied

2.2 The municipalities chosen

When choosing the geographical area to cover in this thesis, I started with the 9 municipalities making up the Area of public sector Sámi bilingualism[6]. In this research, I cover 6 (66%) of the 9 municipalities regarded as core Sámi living areas. The other three were excluded by the following reasons: Lavangen (Troms) because it was included just recently and have only a few companies. Snåsa (Nord-Trøndelag) because the municipality made me aware they did not regard any of the AS companies with financial record back to 2007 as Sámi, though they have one recently started Sámi owned AS. Porsanger is the biggest municipality in the area with the most companies. The many companies was also the reason why they told me they won't have capacity to go through my list of companies to identify them as Sámi or non-Sámi owned. My selection of municipalities are some (proportion of those in the north) of the core Sámi municipalities and at the same time quite representative of the Sámi area as a whole because there is one municipality from Nordland county (Tysfjord), one from Troms (Kåfjord) and the rest (Kautokeino, Karasjok, Tana and Nesseby) in Finnmark county. Figure 1 and 2 and table 1 depicts Sámi living areas included in this study.

The population size spread of the municipalities in the selection are also though as being representative for the STN[7] area as a whole, with Tana, Karasjok and Kautokeino being amongst the most populated (in number of inhabitants) of the municipalities in the STN area, and Nesseby being one of the least populated in number of inhabitants. This means for matters of simplicity that we regard the findings and data and graphs for the entire STN area (as found via SSB) to be representative of the selection of this thesis as well.

[6] http://www.sametinget.no/Spraak/Forvaltningsomraade

[7] STN is the area defined by the Sámi Parliament of Norway in which one can apply for financial support from the Sámi parliament regardless of your (as a company owner) ethnic indentity, consisting of parts or the whole of 22 municipalities in Northern Norway with a total population of 37 890. From: http://www.ssb.no/samer/

Figure 1 STN (Sámi) areas in Northern Norway

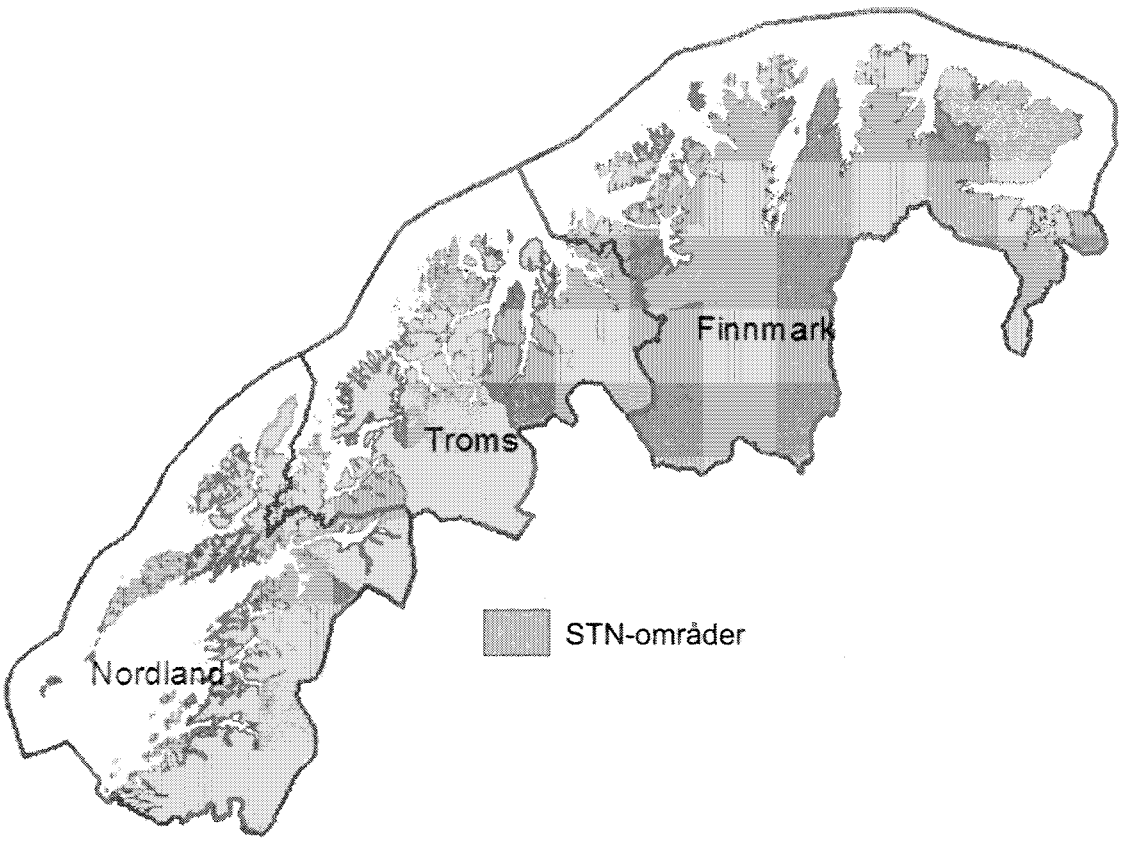


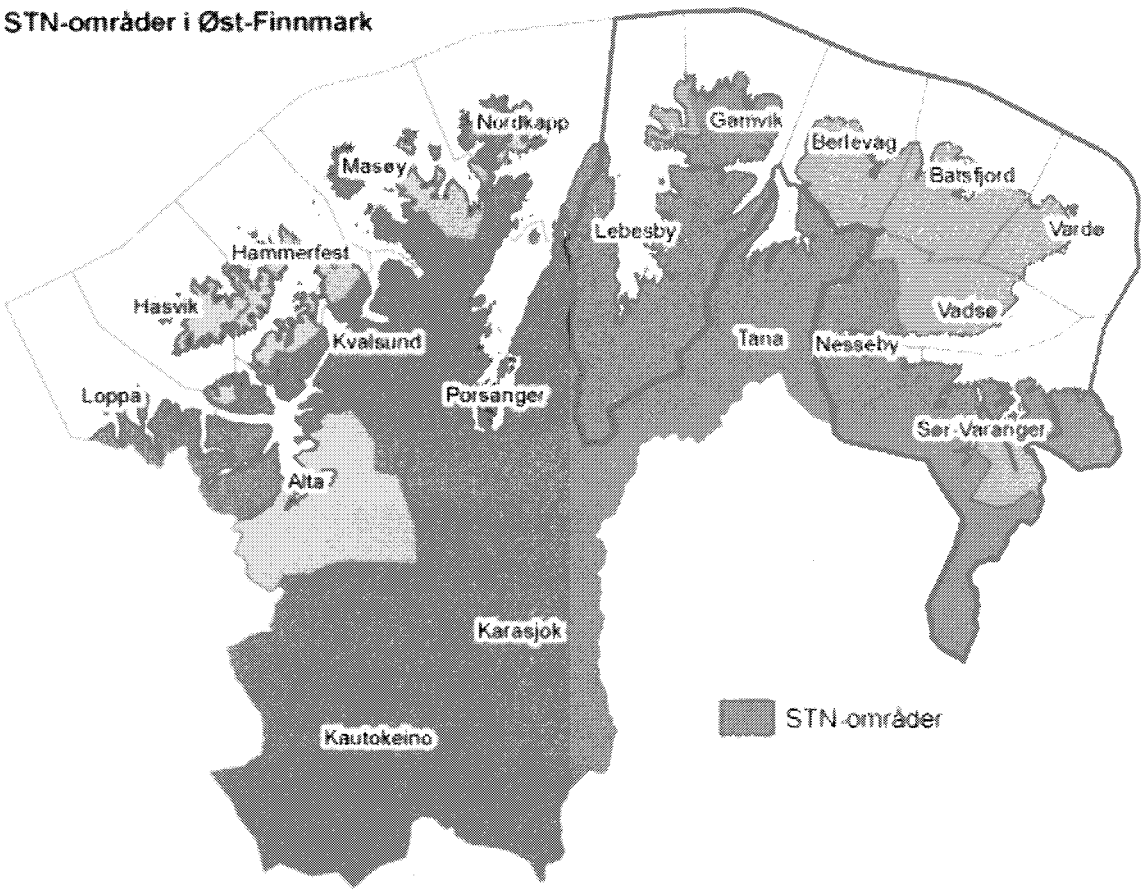
Table 1 Population of the Sámi area

Population as per January 1 2011	Persons
2027 Nesseby	**893**
2025 Tana	**2897**
2021 Karasjok	**2768**
2011 Kautokeino	**2935**
1940 Kåfjord	**2185**
1850 Tysfjord	**2002**
Total	**13680**

Defining and deciding how many Sámis there are, is not an easy task[8]. A very roughly estimate by myself would be that 2/3 of the population are Sámis, meaning roughly 10 000.

[8] http://www.Sámi-statistics.info/aefiles/Oversiktsnotat_antall_samer_%20Norge.pdf

Figure 2 STN (Sámi) areas in Finnmark county



The myth of the reindeer-herding Sámi can be illustrated easily below. Table 2.2 below shows that a total of only 2100 persons are involved in reindeer husbandry in the STN area, meaning 15% of the total population of my selection, and there are many municipalities more in the STN area as the map above shows.

Table 2 Persons involved in reindeer husbandry

Persons involved in reindeer husbandry as	per March 31. 2011	
Finnmark, STN	Owner/contact person	365
	Spouse/partner	160
	Owner/contact person	115

	children	
	Others	1375
Troms, STN	Owner/contact person	20
	Spouse/partner	8
	Owner/contact person children	2
	Others	47
Nordland, STN	Owner/contact person	2
	Spouse/partner	1
	Owner/contact person children	2
	Others	3
In total for the STN area	Owner/contact person	387
	Spouse/partner	169
	Owner/contact person children	119
	Others	1425
	SUM persons in total	2100

As in Norway as a whole, primary sector employment is declining whilst service industries employment increases. But still is the primary sector employment is significantly higher in Sámi areas than non Sámi areas. Most of the companies operating in this sector are operating as sole proprietorships (enkeltpersonsforetak). This means that we will probably find a smaller proportion limited liability companies (AS) in our samplethan in the Norwegian distribution.

2.2 Current state of business and personal wealth in the Sámi regions

Telemarksforsknings report (Vareide & Nyborg Storm 2011) shows a rather bleak picture of the Sámi area in Northern Norway. These areas are amongst the most disadvantaged in the whole country in terms of population development and distance to regional centers. The sector spread with regards to businesses is also a disadvantage because there are very few ICT, telecom and financial services businesses, which are regarded to be future growth industries and important for development of existing companies.

Start-up rates are lower than counties and country as a whole, but positively correlated, witch means that less new firms in Norway means less new firms in Sámi regions.

The number of jobs has been stable over the last 10 years, both for private and public sector. Notice that some of the municipalities (Karasjok, Kautokeino and Nesseby) have higher education levels in the population than the national average, reduction the lack of education arguments validity when explaining weaker development rates.

The municipalities Tana and Tysfjord enjoy average company margins amongst the 25 best nationwide, in average, industry adjusted and even for return on equity (ROE) in Tana, but not in Tysfjord (192.[9]) though. Presence of large and profitable companies in Quarts and Cement production explains this. Note that the valuation method being applied in this thesis is based on ROE.
Notice though these two municipalities have at best average higher education levels, this is in line with the conclusion of the report that education levels do not always matter for economical growth.
But in general, the companies of the STN area perform worse than country averages.

Company growth rates measured as number of companies with sales increase over general inflation, though, are and have for the last 10 years been in accordance with country average, also if industry adjusted.

By far most of the municipalities in the STN area are in the lower quartile on nationwide percentage of jobs in private sector as opposed to in public sector.

Tana is doing fairly well in the overall "nærings-NM", which is a measure that includes all the factors mentioned in the report, being 46. Tysfjord is ranked as 147 and the rest well below median.

Innovation is mostly connected to town and urban areas. The rural location for most of the Sámi regions probably means there is comparably less innovation. Finnmark does not score well for either innovation frequency nor innovation climate. Some regions in Nordland and Troms are scoring good in innovation climate. Northern Norway in general has high export levels, probably due to its fisheries and fish farming industry.

[9] Of the 430 municipalities in Norway.

2.4 Conclusion on the geographical area

The aim of this chapter was to draw a picture of the macro economic development and demographic status and development in the areas included in this research project. One can safely conclude business development is scarcer and less common than in other parts of both North Norway and Norway as a whole. Although the municipalities Tana and Tysfjord are doing quite well on national basis, this is believed to be explained by large companies as Elkem Tana, Norwegian Crystallites and Musken Laks that are externally owned.

3 Theoretical framework

3.1 Introduction

In this chapter are the features of ethnic, minority and finally indigenous entrepreneur drawn. Then it continues with relevant theory with regards to capital scarcity. This thesis is limited to financial capital. Those interested in social and human capital aspects in indigenous businesses can take a closer look at Foley (2010) or Foley (2008) or Winsa (2007).

So it establishes the Sámi entrepreneur as the dependent variable and the three following chapters are each of them describing what is believed to be the most important factors that affect capital availability. Finally, there is a conclusion on this chapter where assumptions and research questions for further research are drawn up.

3.1.1 Ethnic entrepreneurship

No single researcher has done more to use empirical work to change beliefs about ethnicity and entrepreneurship than W.E.B. DuBois. As the first African American to receive a PhD from Harvard, and a prolific writer and speaker, DuBois used the power of his own example to shake many stereotypes. In stunning contrast to the views at the time, DuBois identified 6.5 percent of African Americans over the age of 21 as entrepreneurs. (Du Bois & Eaton 1899) This shows that ethnic entrepreneurship or minority entrepreneurship has been underestimated throughout history and still today there might be a need to focus a little more on this part of entrepreneurship.

3.1.2 Indigenous entrepreneurship

A much-quoted definition of indigenous entrepreneurship follows:

"Indigenous entrepreneurship is activity focused on new venture creation or the pursuit of economic opportunity or both, for the purpose of diminishing Indigenous disadvantage through culturally viable and community acceptable wealth creation." (Hindle & Moroz 2010:8)

Furthermore, one important aspect of indigenous entrepreneurship is disadvantage. Most Indigenous People live in areas that have been colonized by one or many states and many Indigenous People, as the Sámi of northern Arctic region, live in multiple states that were established by people coming later to the areas, so called non-indigenous. Most Indigenous People are also minorities in

respective states and have traditionally had little political power. This has led to extraction of resources out of their traditional living areas without them being compensated in any way. "This overarching theme of disadvantage is underpinned by the need for building economic capacity (independence) to regain the political and social control that is required for establishing self determination and the ability to respect the past while embracing the future." (Hindle & Moroz 2010:16)

3.1.3 Relevance of recent research on Sámi entrepreneurship

Unlike indigenous entrepreneurship in general that now is establishing itself as a emerging research theme within entrepreneurship (Hindle & Moroz 2010), Sámi entrepreneurship is lagging behind. There are few academic works on the subject, there have not been written any doctor or PhD-theses within the fields of business, economics or entrepreneurship at the University of Tromsø (Todal 2011), and at the University of Nordland the examples are few (own search at the library at UiN). Furthermore, much of the research on Sámi entrepreneurship is done from the viewpoint of the social sciences, not from a business and economic viewpoint. Hence, there is a underrepresentation of research on this phenomenon. There can be many reasons for this; one is lack of knowledge about the phenomenon among researchers, and little interest among business and entrepreneurship researchers in Norway. As a result, up till today, relatively few (Sámi) business and PhD students pursue research on Sámi entrepreneurship, and less new business knowledge is spread among continue studying for a PhD degree which again leads to less research being done from their strand. And the internationally published articles about Sámi entrepreneurship has been written by non-Sámis, most of them actually by foreigners, like Dana (2011).

3.2 Framework conditions for Sámi firms

3.2.1 The Sámi Parliament white paper on Sámi business development

The Sámi Parliament executive council white paper (Sametingsmelding) on Sámi business development gives priority to five areas: 1. strengthen primary sector industries, 2. increasing rural localities attractiveness (incl. youngster and women), 3. culture-based industries, 4. Innovation, research and value creation, 5. competence lifting and start-ups.

3.2.2 Focus on Sámi municipalities

When there is no significant difference between Sámi and non-Sámi entrepreneurs given the same environments, then there is a need to strengthen the environment to strengthen Sámi companies' abailities to grow and create jobs.

The findings show that the companies in Sámi municipalities are aiming for too limited markets to grow. More innovation is needed to increase growth possibilities. As we have shown in the theory chapter, it is the growing companies that create jobs. The Sámi parliament white paper seems to have a correct focus on these challenges. But the same Parliament only governed just above 6 mill. NOK for innovative company incentives[10] in 2010 so it does not have any wide array of tools available.

Norwegian rural municipalities are for many reasons, but mostly their small size, facing huge financial challenges at the time of writing. The reason being the inhabitants require better and better services and these municipalities are not able to create competence environments because well-educated people tend to seek for environments where they have many colleagues. And running these small units is costly. The two biggest parties in Norway, Labour (2009) and the Conservatives (2009), both want to reduce the number of municipalities, but smaller coalition partners like the Centre Party (2009) block such efforts. So the result is that few of these small municipalities have an own business development unit, and if they do, they annual budget is so limited that they don't have the tools they to develop good entrepreneurship environments.

Building growth in any company is hard, as we saw in the theory chapter, and with all the drawbacks the companies in these rural municipalities face, it's not easier.

3.2.3 Focus on women and youth

There are many clever social entrepreneurs among Sámis, a good example is that at the time of writing are the producers of the two most important Sámi festivals, Riddu Riddu[11] and Márkomeannu[12] both young Sámi women. It must be possible to recruit corporate entrepreneurs from a well-established stock of Sámi social entrepreneurs. For a good discussion on the topic in Norwegian, see Rønning (2010).

[10] Of a total of 35 mill. NOK whereas the rest is distributed to traditional Sámi industries like fisheries, farming, reindeer husbandry and duodje (Sámi handicraft) and combinations of these.
[11] http://www.riddu.no/kontakt-oss.21024.no.html
[12] http://www.markomeannu.no/norsk/kontakt.html

There are obviously reasons for the absence of women entrepreneurs, there are few role models, little focus on this potential of

When lifting the sight a little and looking upon the attractiveness of the rural communities with regards to population age and gender pattern and the popularity of them as for gaining more inhabitants Entrepreneurial activity amongst women and youth should be increased because a well-balanced entrepreneurial community will affect the attraction of these rural municipalities because it creates an image of equal opportunities which the present picture does not.

3.3 Business growth

3.3.1 Growth is a diverse term

Business growth is critical to entrepreneurial success. The potential for growth is one of the factors which distinguish the entrepreneurial venture from the small business. Organizational growth, however, means more than just an increase in size. Wickham (2006) differs between four kinds of growth; financial, strategic, structural and organizational. In this thesis will the focus be on financial growth, but it is important to show that growth is more than financial growth. The reasoning behind focusing on financial growth is that it is easier to measure and not to say compare financial growth.

3.3.1.1 Financial growth

Financial growth relates to the development of the business as a commercial entity. It might consist of increases in turnover[13], the costs and investment needed to achieve that turnover, and the resulting profits. Increases in what the business owns, its assets, also belong here. An example of assets is the equity of the company that we are to valuate in this thesis. The value of the business is an important measure of the success of the venture.

3.3.1.2 Strategic growth

Strategic growth is the changes in the way that the organization interacts with its environment as a coherent, strategic whole. It is primarily connected to the way the company develops its capabilities

[13] http://www.investorwords.com/5094/turnover.html

to exploit a given market position. Virtanen and Heimonen (2011) show that strategic changes and focused strategies were found to be drivers for success in Finnish SME´s.

3.3.1.3 Structural growth

Structural growth is changes in the organizations internal system, like changes in the organizations managerial roles and responsibilities, reporting relationships, communication links and resource control systems.

3.3.1.4 Organizational growth

Organizational growth is changes in the organizations processes, culture and attitudes as it grows and develops. An example is the role and the leadership style change of the entrepreneur as the business moves from being a ´small' to a ´large´ company.

3.3.2 Factors that drive financial growth

Firstly there are four main factors that drive financial growth; motivation of the entrepreneur(s), network, financial capability and market. Wickham (2006) differentiates between an entrepreneurial company and a small business, he differentiates between them is by their innovation level, growth potential and market expansion orientation. As we have seen are Indigenous businesses, in this case Sámi, are disadvantaged from the start, especially with regards to capital availability. Hence should their innovation level, growth potential and market orientation be lower than others and ultimately there will be few entrepreneurial companies, rather small businesses.

3.3.2.1 Motivation

Littunen and Virtanen (2009) find growing ventures of their study seem to be more probably opportunity driven (pull motivation).

To be motivated by opportunity entails the recognition that the current situation does not represent the best way of doing things (Wickham 2006).

Shane (2003) mentions five aspects of personality and motives that influence the exploitation of entrepreneurial opportunity: extraversion, agreeableness, need for achievement, risk-taking and independence. Motivation is not the subject of this thesis, for an interesting discussing on the topic i refer to Shane (2003).

3.3.2.2. Network

Successful entrepreneurs, and the people who work with them, use the network in which the organization finds itself to good effect. They make all parties of the network aware that all of them can benefit from the success of the venture. (Wickham 2006)

Shane (2003) points out that a larger team provides access to more varied information about how to exploit the entrepreneurial opportunity.

Littunen and Virtanen (2009) states that the interplay between entrepreneur and his/her external personal networks increase the odds to become a growth business.

Lechner and Dowling (2003) argue that firms need to develop a different network mix according to their development phase. An appropriate network composition (relational mix) leads to opportunities and requires active management. Therefore, firms need to build the necessary relations proactively. Firms that fail to develop these required relations will face a growth barrier and the network will become a constraint.

Social and regional embeddedness are important features of the formation process. In other words, it takes time to build a network from scratch because the relational mix is unique for each firm. The changing nature of these inter-firm relationships is a management issue for growing firms.

3.3.2.3 Financial capabilities

Littunen and Virtanen (2009)Financing at start-up differentiates growing ventures from the non-growth firms so that the businesses that have used mostly external financing (loans and public funding) will be categorized as growing ventures.

According to Brophy (1997)All businesses require financial resources in order to reach customers and fund growth. Lack of access to capital or availability of financing can be a constraint on business growth.

Brush, Ceru and Blackburn (2009) found that in overall, financing was found to be an important, though not significant, constraint on business growth

3.3.2.4 Market orientation

Littunen and Virtanen (2009) found that active market strategies seem to be necessary to achieve growth over an extended period. The question is whether these companies running in rural areas have sufficient market orientation.

3.4 Valuation

The theory of this chapter is based on Bodie, Kane and Marcus (2005); Gitman and Joehnk (1990).

3.4.1 Why valuate a company?

There might be several reasons to valuate a company. For example acquisitions, merger, demerging or investing purposes. It is important to know the value of a potential transaction. An investor must know whether the company she is offered to invest in, is profitable and hence able to create growth.

In discounted cash flow valuation, the value of an asset is the present value of the expected cash flows on the asset.

Philosophical Basis: Every asset has an intrinsic value that can be estimated, based upon its characteristics in terms of cash flows, growth and risk.

Information Needed: To use discounted cash flow valuation, you need

- to estimate the life of the asset
- to estimate the cash flows during the life of the asset
- to estimate the discount rate to apply to these cash flows to get present value

Market Inefficiency: Markets are assumed to make mistakes in pricing assets across time, and are assumed to correct themselves over time, as new information comes out about assets.

The use of valuation models in investment decisions (i.e., in decisions on which assets are undervalued and which are overvalued) are based upon

- a perception that markets are inefficient and make mistakes in assessing value
- an assumption about how and when these inefficiencies will get corrected

In an efficient market, the market price is the best estimate of value. The purpose of any valuation model is then the justification of this value.

3.4.2 Discounted cash flow valuation

What is it: In discounted cash flow valuation, the value of an asset is the present value of the expected cash flows on the asset.

Philosophical Basis: Every asset has an intrinsic value that can be estimated, based upon its characteristics in terms of cash flows, growth and risk.

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Market Inefficiency: Markets are assumed to make mistakes in pricing assets across time, and are assumed to correct themselves over time, as new information comes out about assets.

$$\text{Value} = \sum_{t=1}^{t=n} \frac{CF_t}{(1+r)^t}$$

where CF_t is the cash flow in period t, r is the discount rate appropriate given the riskiness of the cash flow and t is the life of the asset.

Proposition 1: For an asset to have value, the expected cash flows have to be positive some time over the life of the asset.

Proposition 2: Assets that generate cash flows early in their life will be worth more than assets that generate cash flows later; the latter may however have greater growth and higher cash flows to compensate.

3.5. Valuation methods

There are three basic methods to valuate a company. Note that these methods are complementary, not necessarily exclusive. I will only describe fundamental, because that is the method I want to apply:

1. fundamental valuation
2. comparative valuation
3. option-based valuation

3.5.1 Fundamental valuation

This is where you get to know the company and the environment it operates in. Here one must get to know the products and services rendered by the company, the competence base it operates on, regulations it faces, potential risks, market position and foreseeable risk. Shortly put, how the management is able to create value of the available resources. Second step is to analyze the bookkeeping and try to connect as much of the information from it to factors affecting. The next step is to try predict the future, which valuation in the end is all about. The result is to be a estimated value, in digits. Future cash flow and risk are important factors. Fundamental valuation is the base of all valuation methods, hence the name. There are several methods within it again.

3.5.1.1 Equity models

The theory presented in this subchapter is based on Gitman and Joehnk (1990). Equity models try to valuate equity directly.

$$\text{Value of Equity} = \sum_{t=1}^{t=n} \frac{\text{CF to Equity}_t}{(1+k_e)^t}$$

There are three ways of doing it, as Damodaran (2002) points out:

The value of equity is obtained by discounting expected cash flows to equity, i.e., the residual cash flows after meeting all expenses, tax obligations and interest and principal payments, at the cost of equity, i.e., the rate of return required by equity investors in the firm.

where,

CF to Equity = Expected Cash flow to Equity in period t

k_e = Cost of Equity

Forms: The dividend discount model is a specialized case of equity valuation, and the value of a stock is the present value of expected future dividends. In the more general version, you can consider the cash flows left over after debt payments and reinvestment needs as the free cashflow to equity.

3.5.1.2 The valuation model chosen for this thesis

The valuation has been done by the real option valuation. The design is based on

$V_t = BV_t + RI_t + GO_t + u_t$

The explanation for this model is to be found in Kjærland (2010) who explains that BV_t is book value at time *t*, RI_t is the net present value of expected future residual income at time *t*, ignoring growth options, GO_t is a proxy for the value of growth options at time *t* and u_t is the error term in the model. The first to parts of the equation make up the benchmark model, estimating the value of assets-in-place and predictable growth. This part includes expected growth as performed in traditional valuation. The third term is supposed tp capture the potential value of real options not captured by earnings based on assets-in-place (included predictable growth).

This model gives an estimate of the intrinsic value of assets-in-place based on certain input parameters; 1) current book value, 2) cost of equity capital and 3) estimated future ROE.

3.5.2. Economic value added

The reasoning behind this valuation method is that profitability in itself is not quite enough to measure the performance of a company. According to Bodie et al. (2005), the company should only be viewed upon as successful if the return on its projects is better than the rate investors could expect to earn for themselves in the capital market, adjusted for risk. Keeping surplus in the company

increases its value only if the company earns a higher rate of return on the reinvested funds than the opportunity cost of capital, that is, the market capitalization rate. In this thesis, this has been done directly on equity (rather than assets) to make it more suitable for the purpose of this thesis.

3.5.2.1 Some aspects on Return on Equity

As we have seen is ROE one of the two basic factors in determining a firm's growth rate of earnings. For most cases it will be reasonable to assume that future ROE will be approximately equal to its past values. Bodie et al. (2005) show that changing equity/debt ratio might affect results. To understand this, one must introduce the reader to another profitability measure; return on assets (ROA). This measure is based on all of the assets in the company, irrespective how the assets are financed. To put it shortly, "if ROA exceeds the borrowing rate, the firm earns more on its money than it pays out to its creditors. The surplus earnings are available to the firm's owners, the equity holders, which increases ROE. If, on the other hand, ROA is less than the interest rate paid on debt, then ROE will decline by an amount that depends on the debt-to-equity ratio" (Bodie et al. 2005:814). In such a rough valuation we are figuring out on this thesis, of multiple companies, calculating equity-debt ratio makes little sense. This view is supported by Wickham (2006) who states that no generalization can be made about the optimum level of debt to equity, it is industry, interest rates and taxation levels relevant and a too complex issue to dig deeper into for the purpose of this thesis.

3.6 Geographical market ambitions

3.6.1 From marketing

This chapter is based on Blythe (2005). He describes the process of segmentation and targeting a market. Segmentation is to identify a group of people who have a need or needs that can be met by a single product, in order to concentrate the marketing firm's efforts most effectively and economically. Geographic segmentation is one option, like for instance if the company's resources are limited, the firm may start out in a small area and later roll out the product nationally. Or like for the companies in the selection of this thesis, start operating in the neighbouring municipality. Blythe (2005) mentions that geographic segmentation may be carried out because the nature of the product may be such that it applies only to people living within a specific area, or type of area (like that there is little point in selling winter clothes in Spain) and it might be that the product itself does not travel well, like wedding cakes and most personal services such as hair dressing. These two appearences of the product or service offered are not believed to have an impact on geographical segmentation in

the selection area, because the nature environment is not changing much in Northern Norway, and few of the companies are personal service companies.

Targeting is when one selects a segment to aim for. The decision regarding which strategy to adopt for targeting will rest on three factors: the resources of the company, the products features and benefits and the characteristics of the segment(s).

Most of the companies that make up the selection of this thesis are believed to target a small segment (geographically limited), gain large profits per unit sold and have a small number of competitors, by other means aiming for a niche market, where they possibly have captured all of this market (Blythe 2005:85). And staying in such a position where one enjoys an almost monopolistic situation is comfortable, often too comfortable for these companies to expand their geographical operation area. And even if they have the resources needed to expand, it is not necessarily given they will do so, as we will see in the following subchapter that describes that entrepreneurs perform best in an area they know well because there they have the resources and network they need.

3.6.2 Entrepreneurship location matters

Despite urbanization, globalization and modern technology, entrepreneurship location still matters (Marquis & Battilana 2009; Plummer & Pe'er 2010). Entrepreneurs tend to start their businesses in the regions in which they have deep roots, the places where they have family and friends, their "home" regions (Katona and Morgan 1952; Mueller and Morgan 1962 in Dahl & Sorenson 2011). They are even more biased toward remaining in these places than employees (Michelacci & Silva 2006). Yet, home regions often offer less favorable economic environments for their startups than other possible places (Figueiredo, Guimaraes & Woodward 2002).

> *We examine this question using comprehensive data on Danish startups. Ventures perform better - survive longer and generate greater annual profits and cash flows - when located in regions in which their founders have lived longer. This effect appears substantial, similar in size to the value of prior experience in the industry (i.e. to being a spinoff).* (Dahl & Sorenson 2011)

One possible resolution to this puzzle is that entrepreneurs choose the places that they do, not so much to maximize the performance of their ventures, but rather to allow them to spend more time with family and friends (Gimeno, Folta, Cooper & Woo 1997). It is interesting to see that non-indigenous entrepreneurs prefer to start business in their home regions and even perform better than they would do outside their home region. Sámi entrepreneurs are probably at least as likely to

want to establish business in their home region due to the cultural factor; this means Sámi entrepreneurs will perform better in traditional Sámi living areas than outside.
On the other hand, Shane (2003) could not identify any studies that examined the relationship between market size and the growth or profitability of new ventures (note that he wrote this before Marquis and Battilana (2009) published their work).

As we already have seen, Sámis live in rural areas (Todal 2008). Values of private homes are less due to an increasing centralization in Norway in general and in coastal Sámi areas especially. (Todal 2008).

The conclusion from this chapter is that we will probably see many companies that have limited their targeting to their own home municipality and maybe one or to neighboring municipalities, but few aiming for regional and not to say national markets.

3.7 Invested equity

3.7.1 The importance of financial capital in general

Financial capital is important for any business. The best entrepreneurs, those that receive venture capital funding, are evaluated from the average ones. Many Sámi entrepreneurs will most probably have problem fulfilling these requirements, which is not optimal, because:

"New ventures with more capital are more likely to survive, grow and become profitable because capital provides a buffer that entrepreneurs can use to respond to adverse circumstance" (Shane 2003:162)

3.7.2 Capital gap

3.7.2.1 Gaining capital is an important entrepreneurial skill

Capital scarcity means that less people will be able to pursue their entrepreneurial dream. On the other hand it is a selection process; the cleverest entrepreneurs are able to finance their ventures even from the worst departing points. Some of the most brilliant and hard-core entrepreneurs are so called self-made, meaning that they have obtained and combined very scarce resources to create

competitive advantages. They have often faced a challenging financial situation but nevertheless been able to keep their business not only alive but also growing. This is a very important entrepreneurial skill (Shane 2003). Below a figure (figure 2) follows that shows that the average Sámi is experiencing exactly such a situation with limited financial resources.

Capital scarcity means that less people will be able to pursue their entrepreneurial dream. On the other hand it is a selection process; the cleverest entrepreneurs are able to finance their ventures even from the worst departing points meaning very little options. This is a very important entrepreneurial skill (Shane 2003).

> *Jackson and Rodney (2004, in (Shane 2003)) showed that income was positively correlated with positive attitudes towards entrepreneurship among a random sample of 1001 individuals. This finding suggests that wealth encourages entrepreneurial activity by making people more likely to consider exploiting entrepreneurial opportunities.* (Shane 2003:148)

3.7.2.2 Money makes more money

It is established in financing theory that increased equity means easier access to further financing, both private and public (Shane 2003). As we can see from the table above, Sámis in average have less private equity available; this is believed to affect capital availability in a negative way.

> *Schell and David's (1981) study of county business pattern data in Alabama showed that the creation of new business units was positively related to median family income in the county. Similarly, Reynolds (1994) ... found that labor income and per capita household income in a labor market area increased the rate of firm formation in that area.* (Shane 2003:149)

Following Amit, Brander & Zott's (1998) reasoning, when capital is more readily available, an increasing number of entrepreneurs can get financing for their opportunities, which leads more of them to act to exploit entrepreneurial opportunities. Empirical research supports the proposition that capital availability encourages opportunity exploitation (Dobbin & Dowd 1997; McMillan & Woodruff 2002; Pennings 1982).

3.7.2.3 The entrepreneurial skill of "bootstrapping"

Williams and Nasiba (1997) find tremendous differences between lenders with regards to ethnicity, suggesting that bank practices and policies exert a great impact on how well low income and minority neighborhoods and individuals are served. This might imply that ethnic entrepreneurs are facing relatively more challenges trying to secure bank financing and hence being to a greater extent forced to "bootstrapping", which means financing by reducing private consumption or increasing mortgage loans on their private homes.

> *Because many people exploit entrepreneurial opportunities by using equity from their major asset – their home – house values should be positively associated with opportunity exploitation. House values provide equity that can be used to undertake efforts to exploit entrepreneurial opportunities. Moreover, the effect of house values should be relative large, because ... most entrepreneurs must self-finance the exploitation of their opportunities.* (Shane 2003:151)

This quote by Shane above is supported by empirical research that shows that house values are positively associated with opportunity exploitation (Barnett & Carroll 1993; Guesnier 1994; Keeble & Walker 1994; Reynolds 1994; Shane 2003).

This means that even if Sámi entrepreneurs are clever bootstrappers, they are still only able to obtain a limited amount of capital because the limited value of their homes. This reduces the entrepreneurial potential in the group.

3.7.3 Empirical data

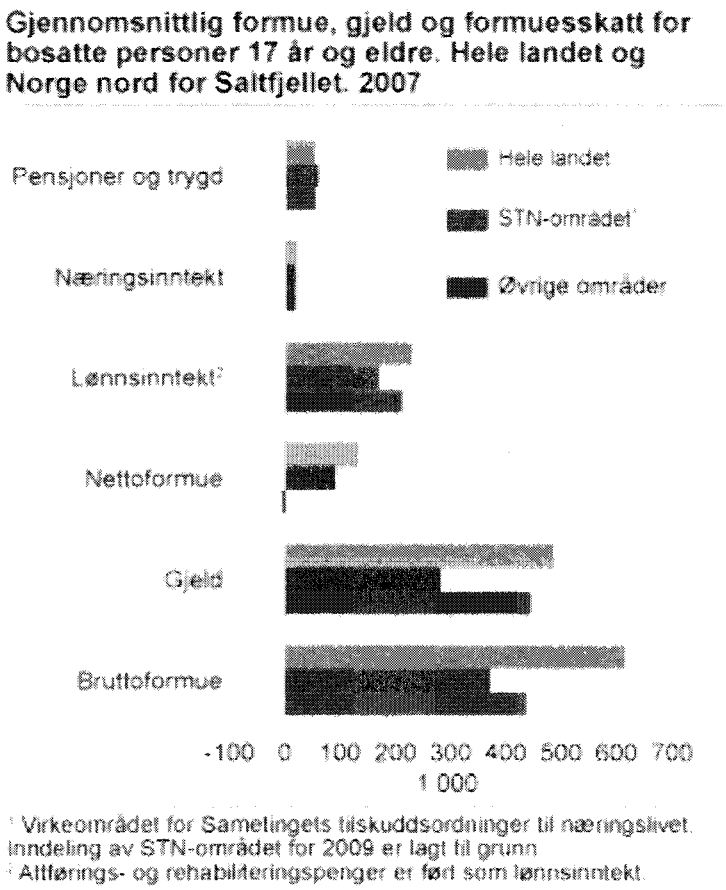
3.7.3.2 Financing minority entrepreneurship

Bates and Grown (1992) found that commercial banks treat African-American owned construction companies differently from Caucasian-owned firms. As a result of this disparity, African-American owned construction companies are typically less capitalized, and are more likely to fail than Caucasian-owned construction companies. Bates (1997)also found that African-American entrepreneurs receive smaller loans and rely more on consumer credit such as credit cards than Caucasian entrepreneurs with identical personal characteristics. Consequently, they are more likely to discontinue operations over time due to poor capitalization. Ethnicity has also been found to be a factor in mortgage lending which is often a source of initial funding for small firms (Squires & Vélez 1996). Since ethnicity is related to market penetration and capital access barriers, it is expected that

the effects of barriers to capital access on market success, is influenced by the owner/managers ethnicity. (Rasheed 2004) This might imply that indigenous entrepreneurs' businesses have a shorter life than non-indigenous because of the lack of financial capital. There might be many explanations to this, for example lack of general business management skills, especially in the field of financial control and liquidity planning, and industry related reasons.

3.7.3.3 The current situation with regards to private capital in the Sámi area

Figure 3 Average Private Equity, Debt and Taxes[14]



Note that this figure does not differ between Sámis and non-Sámis, but draws up a general picture of lack of capital, note especially "lønnsinntekt" (income) and "formue" (personal wealth) that both are lower for the Sámi area compared to both other comparable areas and national average.

[14] http://www.ssb.no/samer/main.shtml

The findings in this part of the theory are that minority entrepreneurs are facing challenges financing their ventures, and thus having less invested equity than non-indigenous. But at the same time are Sámi entrepreneurs expected to do "bootstrapping" better, and hence gain better results from the available capital they have.

3.8 Theoretical perspectives with regards to network

3.8.1 The expanded organization perspective

Wickham (2006) notes that current thinking on entrepreneurial organizations tends not to draw a hard and fast distinction between those inside the organization and those who are on the outside. It has been found more productive to think in terms of the organization in a wider sense as being a network of relationship between individuals, with the entrepreneur sitting at the centre. This network stretches beyond just the individuals who make up the formal company, to include people and organizations outside the venture such as customers, suppliers and investors. The relationships that make up the network are very diverse. Some are defined by contracts, whereas others are defined by open markets; some are formal and some informal; some are based on self-interest, whereas others are maintained by altruism; some are driven by short-term considerations, and others by long-term interests. In this network view is the organization a fluid, defined by a nexus of relationships.

3.8.1 Economic vs. non-economic objectives

Non-indigenous entrepreneurship tends to emphasize economic objectives whereas indigenous entrepreneurship tends to embrace both economic and non-economic objectives (Lindsay, Lindsay, Jordaan & Hindle 2006). Amongst these is the development of the community or the (extended) family frequent. This might result in less focus in obtaining necessary capital because one does not regard financial growth as important.

Indigenous values have the propensity to clash with establishing and developing business ventures where there is a pre-occupation with firm growth for growth's sake and where entrepreneurial achievement and success is measured in terms of economic objectives only. Indigenous values are often seen as barriers to economic development. Having a different time orientation, being disinclined to compete, having consensual decision making, and putting family first are complex issues that do not necessarily sit easy with modern entrepreneurship. (Anders & Anders 1986; Redpath & Nielsen 1997)

From an individualistic non-Indigenous perspective, Indigenous entrepreneurial attitudes toward opportunity recognition will appear low. It is not the case that Indigenous entrepreneurs cannot recognize opportunities; it is simply that they look for a "different" community oriented opportunity type – and this may not be regarded as an opportunity by western non-Indigenous standards. If Indigenous entrepreneurs adopt a more western individualistic approach to recognizing and exploiting opportunities, they risk losing their links to their community and culture since western non-Indigenous entrepreneurial success clashes with Indigenous cultural norms (Foley 2003).

3.8.2 More focus on human capital?

An excellent example of how values influence business is found in Dana and Light (2011). Content analysis of interviews conducted with reindeer herders - referred to as reindeer husbandry entrepreneurs, by the Reindeer Herders' Association - from two ethnic communities in Finland, reveals that respondents who identified themselves as ethnic Finns viewed their self-employment as an individualistic form of entrepreneurship and they focused their discussion on matters related to financial capital and profit. In contrast, Sámi respondents claimed that a significant causal variable behind their herding was maintenance of a cultural tradition and not necessarily limited to the maximization of financial profits. Sámi respondents spoke much about their cooperative siida (a fluid, informal grouping of herders who voluntarily co-operate), and the social capital it involved; and about reindeer herding skills that are acquired on the job, i.e. human capital; and also about aptitudes, beliefs, customs, habits, interests, lifestyle and round-up traditions, reflecting the fact that considerable cultural capital is passed from adults to children in the course of primary socialization. (L. P. Dana & Light 2011)

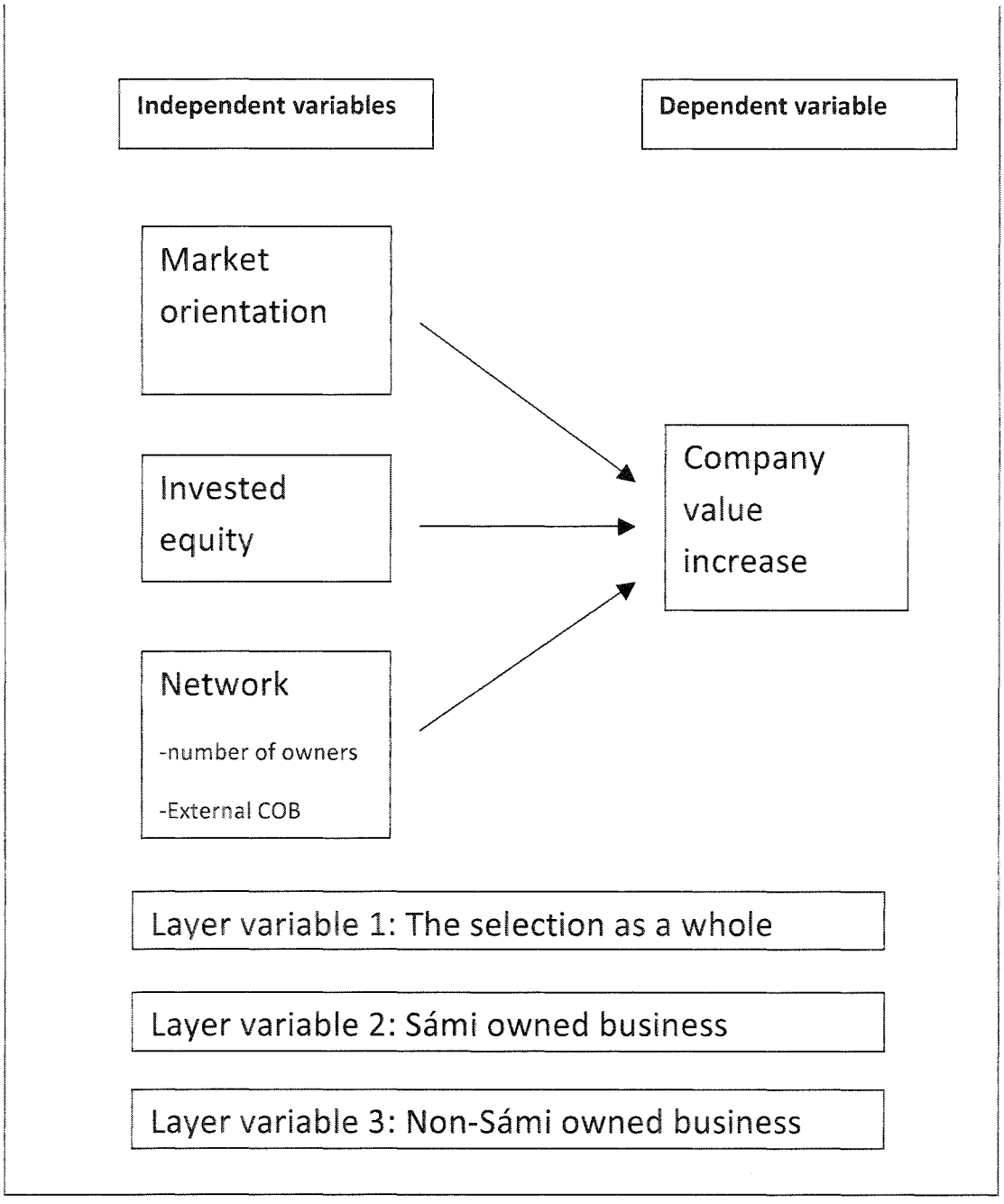
For this matter are two important Sámi concepts clashing: the group mentality that places consensus in the first place, which should mean that Sámis also start companies in groups (as in three owners or more). The other concept is *bierggit* which basically means "to survive" or "to sustain", where the reason for one running a company is that one just wants to sustain a life with an acceptable lifestyle and avoids risk. This should mean more companies with only and same person as owner, Chairman of Board because the owner has no growth intentions. It is very clear of the distribution that these two concepts balance each other out so that we se some Sámi companies with many owners, but also more solo-owned Sámi companies than non-Sámis, which is sum does not make up any significant difference between number of owners and the ethnicity of the owner.

3.9 Conclusion on theory and research model

In this chapter theory points out the Indigenous entrepreneur with many disadvantages. It has drawn up a picture of an entrepreneur who hardly gets access to financial capital, has less interest in growing the company, has smaller networks and a different, sometimes non-economic aim with engaging in entrepreneurship at all. Based on theory, three factors believed to explain company value changes are chosen as independent variables and company value increase as a dependent variable in a model that seeks to understand this phenomenom. We will now analyse the findings and conclude with regards to this model presented below.

3.9.1 Research model

Figure 4 The research model of the thesis



4 Method

4.1 Introduction

In this chapter are we to go through which methodological choices I made in the process towards finding my results. I will go through the sampling, the data collecting method, and some calculations and data that are necessary for my company value estimations. I will also go through what ensures the good quality of this thesis.

4.2 Methodological choices

4.2.1 Sampling

The sample of this thesis is made by choosing region, the Sámi area as described in chapter 2. I have also focused on AS (ltd.) companies because they represent growth opportunities. I have also excluded cases that have an expected value below 1 mill. NOK after 3 years, to ensure that only relative big companies are included.

I have tried to focus on companies of higher value rather than small companies. The reason is that small companies tend to be very hard to valuate due to high fluctuations. And after all, this thesis is about valuation. Another reason is that it became very difficult to get the municipalities to go through the list of many companies, but more convenient for them if there was a list with only a few companies.

4.2.2 Data collecting method

All of the data being used in this thesis comes from the www.forvalt.no database of Norwegian annual reports. Thorpe et al. (2008) show that archives that contain company records for each year differ in their coverage of companies. The archive I have had access to, and made use of during my research is a solely Norwegian, and all companies are required by law to submit their records annually to the nations registry for firms in Brønnøysund. The only limitation is that only Norwegian companies can be included in the analysis. It would also have been very interesting to make similar

studies in Sweden, Finland and Russia as well, which all are countries with Sámi population, but that is for further research. On the other hand, this database provides full coverage of all companies back to 1992, including performance reports. Thorpe et al. (2008) also point out that such data will only be available for as long as the economic entity remains independent. A takeover means it will be part of a larger organization, re-structuring might leave the name intact but changes the sub-units that make it up. Thus might it be impossible to compare like for like over a lengthy period of time. This is one of the reasons for making use of company records only for the last three fiscal years. For the growth companies, near history has been checked by going through their records at Brønnøysundregisteret to make sure the structure or mother company relation of the relevant company does not influence results.

4.2.3 Sampling procedure

Sampling was not done randomly, below follows a table that shows the sampling process step by step. Notice that there are at least 244 AS in these municipalities that are active, meaning the final selection makes up 13,5% of the active companies in the area.

Table 3 Selection sampling procedure

Sampling procedure (all steps in SPSS)	No of cases left
Started with a population of all AS (ltd.) from 8 municipalities (the population)	729
Removed two companies where I am amongst the owners myself	727
Ran the variable 'ilive' to remove companies that are not any longer operating	652
Sorted out the companies from the municipalities 1736 Snåsa and 2020 Porsanger	386
(sdi1010 >= 500 & sge1010 >= 0) | (sdi1010 >= 0 & sge1010 >= 500)*	244
Entered variables (see Appendix 1) and tested with Beta=1	
value12 >= 1000 (notice negatively growing companies are not excluded by this measure)	83
Removed public entities, supermarkets, gas stations, kiosks	44
Removed *Viddas AS* (mother with daughter in the selection)	43
Removed *Tysfjord Marin Holding AS* (changed company address out from *Tysfjord* since 2010)	42
Entered new Total Beta, the lowest Beta value 2.30, new values, did value12 >= 1000 again	38
Identified and removed 5 externally owned (outside the municipalities) companies	33
FINAL SELECTION	33

*To sort out companies with sales income below NOK 500 000,- or if below given income less than 500 000,- in balance sum.

I removed supermarkets like *Drag Snarkjøp AS*[15] that actually is a Sámi-owned company with quite high ROE, the reason probably being low Invested Equity, see discussion about this later in the thesis. I also removed pure real estate companies, like *Tana Eiendom AS*[16]. Some of these real estate companies also had quite a high terminal value (present value of future growth opportunities), again due to high ROE. Another category of companies that is removed are the gasoline franchises like *Tanabru Service AS*[17].

The reason for the removal of supermarkets, real estate companies and gasoline franchises is that these are not very entrepreneurial because they tend to focus on a very limited geographical market. And Tana Eiendom is probably split out as a separate company only for taxation and accounting purposes because it looks like it has only one customer: its mother company *Viddas AS* that rents the property to its sister Aage Pedersen AS which is the largest of the Sámi companies as we will return to later.

4.2.4 An overview of the companies invluded in the analysis

Table 4 Companies of the selection

Table 3 Companies of selection

Company name (all AS/ltd.)	Owner ethicity	Municipality	Industry of operation	Inv. Eq.
Aage Pedersen	Sámi owner	*Tana*	Reindeer abattoir	**2 100**
Alex Elektro	Local owner	*Tana*	Electrician	**100**
Anleggsdrift Brønn og Energiboring	External owner	*Nesseby*	Constructior for fluids utility	**100**
AS Normaskin Tana	Local owner	*Tana*	Car sales (retail)	**100**
Auto- Mek	Sámi owner	*Kautokeino*	Motor vehicles repair	**100**
Bertil Johnsen	Local owner	*Tana*	Harbor construction	**100**
Brødrene Johansen legeskyss	Local owner	*Tysfjord*	Passenger water transport	**600**
Brødrene Johansen skyssbåter	Local owner	*Tysfjord*	Passenger water transport	**250**
Byggmester M Paulen	Local owner	*Karasjok*	Construction	**383**
DAT	Sámi owner	*Kautokeino*	Publishing house	**100**
DM-Consult	Sámi owner	*Kåfjord*	Consulting services	**100**
Eikeland	Sámi owner	*Tana*	Goods transportation, road	**175**
Elkem Tana	External owner	*Tana*	Quartz production	**5 000**
Frode Utsi	External owner	*Tana*	Scooter and ATV sales	**506**

[15] http://www.proff.no/selskap/drag-snarkjøp-as/drag/oppføringer-uten-bransjetilknytning/Z000HU3B/
[16] http://www.proff.no/selskap/tana-eiendom-as/tana/-/937523750/
[17] http://www.proff.no/selskap/tanabru-service-as/tana/oppføringer-uten-bransjetilknytning/Z0GTVLV4/

Guttormsen Transport	Local owner	*Tana*	Goods transportation, road	**300**
Inka	Sámi owner	*Karasjok*	Handicraft	**100**
Kardiolog Utsi	Sámi owner	*Karasjok*	Specialized medical services	**100**
Kautomaskin	Sámi owner	*Kautokeino*	Site preparation (construction)	**100**
Knivsmed Strømeng	Sámi owner	*Karasjok*	Handicraft (industrialized)	**1 000**
Levajok fjellstue	Local owner	*Tana*	Holiday apartments rental	**1 300**
Lofotværing	Sámi owner	*Kåfjord*	Fish vessel	**100**
Mats Hus	Sámi owner	*Tana*	Construction	**100**
Musken Laks	External owner	*Tysfjord*	Fish farming	**17 153**
Nord Troms bygg & anlegg	Sámi owner	*Kåfjord*	Construction	**100**
Norwegian Crystallites	External owner	*Tysfjord*	Quartz production and refining	**4 000**
Rikardsen Transport	Local owner	*Karasjok*	Sewerage	**100**
Styro Nor	Local owner	*Tana*	Styrofoam cases for fish industry	**1 000**
Sven Engholm	Local owner	*Karasjok*	Tourism, guiding	**100**
Tana bilglass	Sámi owner	*Tana*	Motor vehicles repair	**102**
Tana Byggmarked	Local owner	*Tana*	Hardware sales	**100**
Tana Regnskapskontor	Local owner	*Tana*	Financial reporting	**195**
Tana Scooter og ATV	Local owner	*Tana*	Scooter and ATV sales	**800**
Tana gull og sølvsmie	Local owner	*Tana*	Silversmith	**400**
Torbjørn Mikalsen	Local owner	*Kautokeino*	Site preparation (construction)	**100**
Aleksandersen	Local owner	*Kautokeino*	Insurance broker	**100**
Varanger Bilbergning	Local owner	*Nesseby*	Towing	**130**
Øverli Regnskap	Sámi owner	*Kautokeino*	Financial reporting	**100**
Øyvind Johansen Maskin	Local owner	*Tysfjord*	Site preparation (construction)	**100**

4.3 A few considerations and data necessary to calculate value

4.3.1 COST OF EQUITY CAPITAL (r_e)

Cost of equity should reflect the premium demanded for investing in projects with comparable risk. It should be firm-specific capturing the relevant operational and financial risk for the actual company involved in a transaction. The cost of equity after tax can be found using the CAPM model (Norwegian tax rate of 28 %):

$$r_e = r_f \times (1 - 0.28) + \beta_i \times ERP$$

where r_f is the risk free rate, β_i is the equity Beta for the actual company *i*, and ERP is the equity risk premium after tax.

With regards to cost of equity for Norwegian nonpublic companies, Gjesdal and Johnsen (1999) recommends the following rates of return on equity: 20,6% nominal before taxation, 15,5% after tax, 17,7% inflation-adjusted and 12,6% after tax. It is possible that lower interest rate has reduced cost of equity, but it is not a serious bias with the thesis. The concept of this thesis is not the valuation of the companies itself, but rather to compare Sámi and non-Sámi owned companies.

4.3.2 Beta

Equity beta can be found in newspapers that print stock exchange information. The way it is done in this thesis was finding comparable listed companies on Oslo Stock Exchange and making use of them. But finding comparable companies at Oslo Stock Exchange for such small companies as by far most of the ones of the selection are, was not an easy task. To find Total Beta which is the measure to be used for this type of calculations with unlisted companies[21] I used industry average betas for Europe from the web page[22] of *Aswath Damodaran*, Professor of Finance at the Stern School of Business at New York University.

If it would have been more crucial, one could have computed beta oneself by comparing historical market and single share data, but it is beyond the purpose of this thesis, which is comparison, not valuation as per se.

4.3.3 RISK FREE RATE (r_f)

Koller, McKinsey et al. (2005) recommends using 10-year state issued bonds, whilst Gjesdal and Johnsen (1999) recommend 3-year bonds. This thesis is written in a Norwegian context hence it´s natural to follow the latter recommendation.

Average interest rates for 3-year state issued bonds on yearly basis gives us 2,24 % for 2011 (Bank 2012). Note that the interest rate has been declining from being above 5 % medio 2008 until today´s

[21] If interested in a discussion of the topic, see http://www.bvmarketdata.com/pdf/BostonDebrief.pdf
[22] http://people.stern.nyu.edu/adamodar/

level. I chose to use the yearly average (rather than montly or daily) to try to avoid letting heavy fluctuations affect calculations.

4.3.4 Consumer Price Index

Closely connected to the risk free rate is the CPI. The twelve month increase in CPI adjusted for tax adjustments and without energy goods[23] was 1,5 percent[24] in March.

4.4 Analyzing tools

I made use of SPSS 18 for Windows for the analysis of the data i ended up with. SPSS was also applied to compute the datas and select which companies to include in the research, as I have shown above.

4.4.1 Correlation

Two different tools for estimating correlation have been applied in this thesis: *Pearson* and *Spearman's rho*. The first is only to be applied for variables that are normally distributed and preferably without too many outliers. The latter can be applied without normal distribution and with outliers. The test for normal distribution is called Shapiro-Wiik normality test, and if values are below 0.05 (significant) then the data significantly deviate from a standard deviation. I did a Shapiro-Wiik normality test for all the data in this thesis, the output can be found in Appendix 3, and show that for most of the variables were not normal distributed, meaning I had to make use of Spearman's rho in most cases. The pity with Spearman is that it is only able to measure correlation as weak, medium or strong, it is not able to detect linearity. So it is preferred to use Pearson, as I was allowed to do for the equity variable after having sorted out the companies with Invested Equity below 101 because then the Shapiro-Wiik normality test showed that the data was normal distributed. Note though that Pearson only shows where the data point is located related to the line of best fit and not that 1 unit increase on one axis means a certain increase on the other axis.

4.4.2 Hypothesis testing

Two different test were applied for testing the hypotheses about ethnic differences: *Mann-Whitney U Test*, and the *Moses Test of Extreme Reactions*. The first test the entire spread while the latter

[23] Which in Norwegian is referred to as "KPI-JAE"
[24] http://www.ssb.no/kpi/

identifies (computes) outliers and tests without them. I did both for all the tests and checked 5%-adjusted average afterwards for the variables that were found to show a significant difference between the ethnic groups.

4.5 Trustworthiness

There are four ways of establish trustworthiness: "internal validity", "external validity", "reliability" and "objectivity".

"Knowing that other interpretations exist than those of researchers, the sophisticated researcher presents one or more of those others." (Stake 1995:9)

4.5.1 Internal validity

Maximizing internal validity require random assignment to control and experimental groups, and efforts are made to ensure that the subsequent experiences of the two groups are identical in all respects, except for the focal variable. Among threats to internal validity is history and maturation of the groups, like if elderly people in medical tests literally die before the experiment is completed. The threats normally tend to be systematic rather than random and they tend to focus on factors which cloud the interpretation of differences between groups in change over time (Thorpe et al. 2008)

The main factor assuring internal validity in this thesis is the fact that all the companies are located in these 6 municipalities with very similar business environments as described in chapter 2.

4.5.2 External validity

External validity is about generalizability of results beyond the focal study. If the findings do not apply in the same way everywhere, then there should be a clear understanding how they vary in different circumstances. Critical factors are that the selection of individuals or organization must not be biased. When doing research, some interview objects tend to be very eager to participate in a survey

because they have strong opinions. Another issue to be aware of is that research conducted in one national setting may not apply to other national settings. And again is history an important issue.

I have tried to create a picture of the Sámi companies as a whole in this thesis. I was not able to get data from Porsanger, which has relatively many companies, due to time restraints in the staff of the municipality. Although I couldn't get data from Porsanger, I got from another municipality with many companies (Vareide & Nyborg Storm 2010), Tana. Including the two municipalities with most Sámi inhabitants, Kautokeino and Karasjok, made me enough Sámi companies to compare with Norwegian companies. This means my results are transferrable to the traditional Sámi living area in Norway as a whole. And I believe the environment the companies are operating in the northern parts of Norway, Sweden and Finland is quite similar. It might be that the Norwegian companies establishing operations in rural parts of the country get more support from the state in doing so, but nonetheless I regard the results as being transferrable to Sweden and Finland respectively.

Companies currently (3 years back and until now) running with losses are not included in this selection. This might have excluded some entrepreneurial companies like Diamantboring Nord AS[28] with very volatile gross income that might grow later.

4.5.3 Reliability

"Reliability is the consistency of results obtained in research. Whether another researcher could replicate the original research or the same researcher could replicate the original research at a different time" (Johnson & Duberley 2000:46)

In this thesis I have made use of publicly available financial reports that anyone can find, and they will remain "for ever". I have also disclosed my sampling method (see another sub-chapter) and the codes I used for computing variables to get the data I have made use of (see appendix). I have also showed which method[29] I used to identify Sámi-owned companies. So anyone, including myself, can replicate this thesis at any given time, maybe even in a more convenient and less time-consuming way if one is able to get access to the Voters register for the Sámi Parliament elections (which I didn't get).

[28] http://www.proff.no/selskap/diamantboring-nord-as/kautokeino/oppføringer-uten-bransjetilknytning/Z0GUNMD7/

[29] Tana municipality: via e-mail April 12 2012; S.O. Helander. Karasjok: via phone May 4 2012: A.H. Turi. Nesseby: via phone May 4 2012: O.A. Dikkanen. All of them reporting that defining Sámi companies was based on assumptions. Snåsa: via e-mail April 4 2012: K. Landsem. Porsanger: via e-mail April 10: F. Seppola.

4.5.4 Objectivity

Objectivity is generally equated with quantification (Downey & Ireland 1979). Hence research will focus on what can be measured and subjective aspects of a phenomenon are either ignored or considered to be mediating variables which explain any unexpected variance.(Johnson & Duberley 2000). I have made use of quantitative data from the financial reports, and the qualitative considerations that have been made, have been assigned a digit variable, like 1 for Sámi-owned and 0 for non-Sámi owned. Hence there is nothing in between the variables, either it is a Sámi-owned company or it´s not.

> *There are also implications and risks for researchers who work within the insider frame. From one perspective, the known methodological risks are about the potential for bias, lack of distance, and lack of objectivity. From another research perspective, they are about the potential to see the trees but not the forest, to underplay the need for rigor and integrity as a researcher, and to mistake the research role with an advocacy role. There are other risks, however, in terms of the relationships and accountabilities to be carried by an insider researcher.* (Smith in (Denzin & Giardina 2006:166))

5 Findings and discussion of findings

5.1 Introduction

There is only a limited number of companies in these municipalities that are growing, 38, of which 5 are not locally owned, making 33 of them locally owned. 17 of the companies are owned by Sámis, whilst 16 are owned by non-Sámis, making the selection quite balanced.

The findings show that market orientation is significantly and positively correlated with company value growth for the entire selection and for Sámi owned companies and non-Sámi owned companies separately as well.

The findings show an interesting difference in invested equity and company value increase. Sámi owned companies grow in terms of company value increase if the owners invest more equity, non-Sámi owned companies do not necessarily, because there is no significant correlation between invested equity and company value increase for these companies.

The main finding of this thesis is that there is no significant difference between Sámi-owned and non-Sámi owned companies within the same operational area. There are no significant differences in value increase of the companies, their market orientation, their network or invested equity.

This chapter is testing each of the variables believed to affect company value growth for the entire selection, and then for each of the two owner ethnicity groups.

It finishes off with presenting results regarding differences the two groups with regards to the variables.

5.2 Company valuations and growth findings and discussion

5.2.1 Company financial valuation over the years 2010-2012

The first table shows company values by the end of 2012. Notice the average company value of the selection which is 4 805 000 NOK.

Table 5 Descrictive statistics of variable company value 2012

Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Company value by the end of 2012 (computed)	33	1110	59654	158554	4805	10184

Notice that the companies of the selection area that are locally owned make up a total estimated value in 2012 of ca. 158 000 mill. NOK. This is less than any two combined of the large, externally (and non-Sámi) owned Musken Laks AS (88 mill. NOK, Tysfjord), Norwegian Crystallites (86 mill. NOK, Tysfjord), Elkem Tana (77 mill. NOK, Tana). (Individual company computed values in Appendices).

If we remove the only locally owned company in the selection that is big in a Northern Norwegian context, Aage Pedersen AS (60 mill. NOK, Tana), the remaining 32 companies are averaging at just above 3 mill. NOK:

Table 6 Company values without Aage Pedersen AS

Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Company value by the end of 2012 (computed)	32	1110	13029	98901	3091	2643

There is one company worth above 10 mill. NOK value: Styro Nor AS (13 mill. NOK, Tana), and three companies worth more than 5 mill. NOK: Mats Hus AS (9,1 mill. NOK, Tana), Bertil Johnsen AS (9 mill. NOK, Tana) and Eikeland AS (5,9 mill. NOK, Tana). These findings are along the findings in Telemarkforsknings report of the STN area, where Tana and Tysfjord score high with regard to companies performance.

Table 7 Company values Sámi owned companies

Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Company value by the end of 2012 (computed)	17	1110	59654	102829	6049	13963

The values for the companies individually are following in the table, this is for Sámi owned companies:

Table 8 Company values non-Sámi owned companies

Descriptive Statistics

	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Company value by the end of 2012 (computed)	16	1392	13029	55726	3483	3114

Note that the Sámi and non-Sámi owned companies respectively sum up for 2/3 and 1/3 of the total value, which is equal the distribution of the population numbers as shown in chapter 2.

5.2.2 Company financial valuation computed growth over the years 2010-2012

The data for company value growth for the entire selection are as follows:

They show the 33 companies over these three years grow in average 47% with a Standard Deviation of 59%, meaning there is some spread.

Table 9 Company value growth for the entire selection

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Company's 3 years value increase	33	0	3	.47	.59

The data for company value growth for the Sámi owned companies are as follows:

They show that Sámi owned companies over these three years grow 53% with a Standard Deviation of 70%, meaning the spread is quite high.

Table 10 Company value growth for the Sámi owned companies

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Company's 3 years value increase	17	0	3	.53	.70

The data for company value growth for the non-Sámi owned companies are as follows:

They show that non-Sámi owned companies over these three years grow 40% with a Standard Deviation of 46%, meaning a little less spread than the Sámi owned companies have.

Table 11 Company value growth for the non-Sámi owned companies

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Company's 3 years value increase	16	0	1	.40	.46

5.2.3 Discussion on company value increase over three years

The finding of this thesis confirms that company average value when we remove Aage Pedersen AS is very low. This confirms Telemarkforsknings report with regards to a very weak industry structure in the selection area. Out of the more than 200 AS (limited company) in the selection area, only 20 of them grow, meaning 10%. This is a very serious situation because it is the growing part of the businesses (together with start-ups) that create jobs. Plainly spoken, only 20 companies are in position to create jobs. I have excluded pure investment companies, supermarkets and petrol stations, this is not believe to affect the conclusions of the thesis because these types of businesses are normally not. Bra

There are only a limited number of companies in these municipalities that are valued to more than 1 mill. NOK in 2012, 38, of which 5 are not locally owned, making 33 of them locally owned. 17 of the companies are owned by Sámis, whilst 16 are owned by non-Sámis, making the selection very balanced. 5 companies have (a small) negative growth, meaning 28 companies are growing. These 28 companies + the 5 externally owned companies that all are growing are the companies that are the engine for economic growth and job creation in the Sámi areas.

Despite their disadvantages as we have found both in the theoretical framework and as you will see in the other findings of this thesis as we will see in the following subchapters, Sámi owners are able to create at least as high financial growth in percentage as non-Sámi owners. Sámi owned companies obtain an average of 53% growth over these three years, whilst non-Sámi owned companies grow 40% for the same period, but higher standard deviance for the Sámi owned companies results in a conclusion that company financial value growth rates are the same regardless of ethnicity.

By looking upon which industries the companies are in, the conclusion can be nothing else than that the companies in the area are in industries where little innovation occurs, and this is valid because companies are aiming for limited geographical markets.

5.2.4 Value increase and ethnicity

According to theory, Sámi companies should as Indigenous companies tend to place family and the group in the first hand, and not give priority to financial matters, and hence enjoy lower financial value increase.

5.2.4.1 Company value increase and ethnicity hypothesis test

H1: Sámi ownership means comparably lesser value growth compared with non-Sámi owned companies.

H1-0: Sámi ownership does not mean comparably lesser value growth compared with non-Sámi owned companies.

Figure 5 Hypothesis test summary for company value increase across ethnicity

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Company's 3 years value increase is the same across categories of Ethinicity of owner.	Independent-Samples Mann-Whitney U Test	.914	Retain the null hypothesis.
2	The range of Company's 3 years value increase is the same across categories of Ethinicity of owner.	Independent-Samples Moses Test of Extreme Reaction	.463[1]	Retain the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

[1] Exact significance is displayed for this test.

5.2.4.2 Company value increase and ethnicity discussion

In this research is the expected theory assumption is declined. Value increase is the variable of all those investigated closest connected to financial performance. One important notice is the age factor also mentioned in the findings chapter, there is only a minor difference in average age of Sámi (14 years) and non-Sámi owned companies (16 years), this means these companies have been operating in the market for long time. And one of the most basic assumption and theoretical groundwork for the capitalistic system is that over time market outbalances differences and the companies underperforming will simply lose and quit. This is confirmed. The remaining victorious companies have no significant differences.

I also made a T-test, but a T-test required normal distribution of the dependent variable, and the most important variable of the dataset, valueinc, that shows value increase in percent from 2010 to 2012, is not normal distributed. I have still attached the T-test results in Appendix 2.

The main finding of this thesis is that there is no significant difference between Sámi-owned and non-Sámi owned companies within the same operational area with regard to company value growth in percentage over the three years this thesis is covering.

5.3 Geographical market ambitions and company value increase

The market orientation estimated for each company is listed below. This qualitative consideration done by myself makes up the basis of the analysis of this variable.

Table 12 Geographical market orientation, beta code and Total Beta of companies

Geographical market orientation, beta code and Total Beta of companies

Company name (all AS/ltd.)	Market orientation	Beta code	Total Beta
Aage Pedersen	National	Food Processing	**2,47**
Alex Elektro	Local	Electrical Equipment	**2,96**
Anleggsdrift Brønn og Energiboring	Regional/national	Construction	**2,79**
AS Normaskin Tana	Local/regional	Retail (Automotive)	**3,58**
Auto- Mek	Local	Auto & Truck	**3,44**
Bertil Johnsen	Regional	Construction	**2,79**
Brødrene Johansen legeskyss	Local	Transportation	**2,30**
Brødrene Johansen skyssbåter	Local	Transportation	**2,32**
Byggmester M Paulen	Local	Construction	**2,79**
DAT	Local/regional	Publishing & Newspapers	**2,83**
DM-Consult	Local	Information Services	**3,14**
Eikeland	Local/regional	Transportation	**2,30**
Elkem Tana	National/export	Metals & Mining	**4,31**
Frode Utsi	Local	Retail (Automotive)	**3,58**
Guttormsen Transport	Local/regional	Transportation	**2,32**
Inka	Local	Furn/Home Furnishings	**2,95**
Kardiolog Utsi	Local	Healthcare Services	**3,13**
Kautomaskin	Local	Construction	**2,79**
Knivsmed Strømeng	Regional	Furn/Home Furnishings	**2,95**
Levajok fjellstue	Local/regional	Real Estate (Operations & Services)	**2,46**
Lofotværing	Local	Farming/Agriculture	**2,65**
Mats Hus	Local/regional	Construction	**2,79**

Musken Laks	National/export	Farming/Agriculture	**2,65**
Nord Troms bygg	Local/regional	Construction	**2,79**
Norwegian Crystallites	National/export	Metals & Mining	**4,31**
Rikardsen Transport	Local	Environmental & Waste Services	**2,83**
Styro Nor	Regional	Packaging & Container	**2,83**
Sven Engholm	Regional/national	Recreation	**2,97**
Tana bilglass	Local	Auto & Truck	**3,44**
Tana Byggmarked	Local	Retail (Building Supply)	**2,39**
Tana Regnskapskontor	Local	Financial Svcs. (Non-bank & Insur.)	**3,29**
Tana Scooter og ATV	Local	Retail (Automotive)	**3,58**
Tana sølv og gull	Local	Furn/Home Furnishings	**2,95**
Torbjørn Mikalsen	Local	Construction	**2,79**
Aleksandersen	Local/regional	Insurance (Prop/Cas.)	**2,44**
Varanger Bilbergning	Local	Transportation	**2,32**
Øverli Regnskap	Local	Financial Svcs. (Non-bank & Insur.)	**3,29**
Øyvind Johansen Maskin	Local	Construction	**2,79**

The variable used to explain this relationship is explained below:

Notice for the selection as a whole, the companies average at somewhere between a local and a local/regional geographical market aim. Not impressive and this finding confirms that the industry structure of this area is very weak.

Table 13 Geographical market orientation variable descriptives

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Geographical market orientation	**33**	**1**	**5**	**1.61**	**.998**

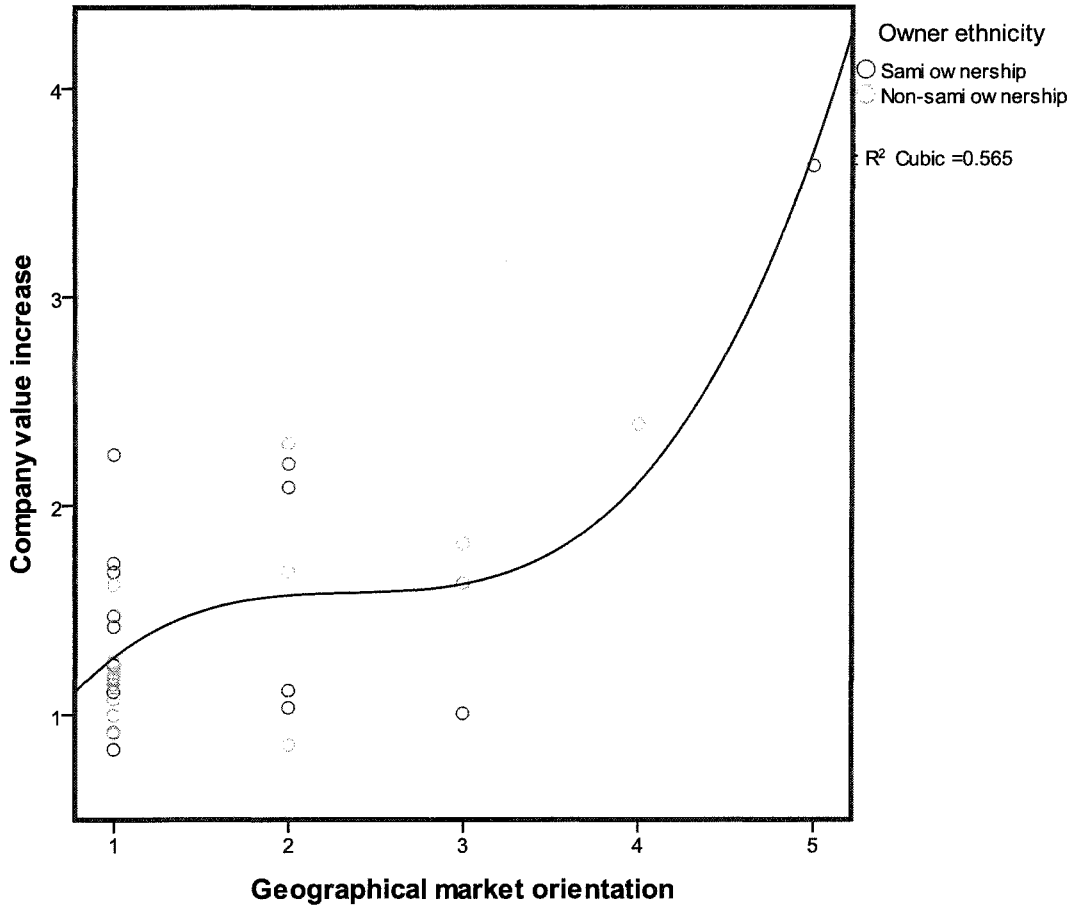
Notice that there is only one company of all the 33 in the table below that is believed to aim for a national market, the reindeer abattoir Aage Pedersen AS. And the company at regional/national level is definitely not there due to its financial value, it is the tourism company Sven Engholm AS. It is rather regarded to have such a market perspective because tourism is an industry that requires quite a wide potential market aim.

Table 14 Geographical market orientation distribution for the entire selection

Geographical market orientation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Local	21	63.6	63.6	63.6
	Local/regional	7	21.2	21.2	84.8
	Regional	3	9.1	9.1	93.9
	Regional/national	1	3.0	3.0	97.0
	National	1	3.0	3.0	100.0
	Total	33	100.0	100.0	

Figure 6 Cubic distribution of the relationship between Geographical market orientation and Company value increase



5.3.1 Market ambitions and company value increase for the selection as a whole

This table below shows that there a significant (0.035) correlation between company value change and geographical market orientation. The correlation is positive, but not too strong.

Figure 7 Spearmans correlation between Company value increase and Geographical market orientation

Correlations

			Company's 3 years value increase	Geographical market orientation
Spearman's rho	Company's 3 years value increase	Correlation Coefficient	1.000	.369*
		Sig. (2-tailed)	.	.035
		N	33	33
	Geographical market orientation	Correlation Coefficient	.369*	1.000
		Sig. (2-tailed)	.035	.
		N	33	33

*. Correlation is significant at the 0.05 level (2-tailed).

As we can see, for the selection as a whole there is a significant, weak positive correlation between Company value increase and geographical market orientation.

5.3.2 Market ambitions and company value increase for the Sámi-owned companies

The companies owned by Sámis follow the same trend as the selection as a whole, with no less than 64.7% aiming for a local market. Seeing these digits should make any decision maker in these rural areas worried, even if my qualitative consideration is not perfect, are these serious threats against growth in the economy as a whole.

Table 15 Frequency table Geographical market orientation for Sámi-owned companies

Geographical market orientation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Local	11	64.7	64.7	64.7
	Local/regional	4	23.5	23.5	88.2
	Regional	1	5.9	5.9	94.1
	National	1	5.9	5.9	100.0
	Total	17	100.0	100.0	

For the Sámi-owned companies there is not a significant correlation between geographical market ambitions and company value increase. The correlation table is to be found under Appendix 4.

5.3.3 Market ambitions and company value increase for the non-Sámi-owned companies

The commentary to this table below on non-Sámi owned companies and their geographical market ambitions is not any better than for the selection as a whole and the Sámi owned companies.

Table 16 Frequency table Geographical market orientation for non-Sámi owned companies

Geographical market orientation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Local	10	62.5	62.5	62.5
	Local/regional	3	18.8	18.8	81.3
	Regional	2	12.5	12.5	93.8
	Regional/national	1	6.3	6.3	100.0
	Total	16	100.0	100.0	

For the non-Sámi companies can we see from the table below that there is a significant (0.01) correlation between Company's 3 years value increase and Geographical market orientation. The correlation is positive and quite strong (.620).

Table 17 Spearman correlation between Company value increase and geographical market orientation

Correlations

			Company's 3 years value increase	Geographical market orientation
Spearman's rho	Company's 3 years value increase	Correlation Coefficient	1.000	.620*
		Sig. (2-tailed)	.	.010
		N	16	16
	Geographical market orientation	Correlation Coefficient	.620*	1.000
		Sig. (2-tailed)	.010	.
		N	16	16

*. Correlation is significant at the 0.05 level (2-tailed).

5.3.4 Discussion on geographical market ambitions and company value growth

Based on the industry each of the companies is operating in and to less extent on the financial reports of each company, their geographical target area has been qualitatively estimated for the purpose of this thesis. As you can see from the tables, the Sámi owned companies have less companies aiming for a regional market. But basically the difference is that if one of the Sámi-owned companies that is aiming for somewhere in between local and regional market would have been aiming for regional market only, there would be no difference.

The findings are that for the selection as a whole there is a significant correlation, the interpretation of this is that companies by expanding their market area (here one step on a 7 step scale) (like moving from local market orientation to local/regional market orientation), obtain in average slightly higher company value growth over the three year period.

This shows that geographical market ambitions are important for company value growth in Sámi regions. This implies that companies in the selection area, let them be Sámi or non-Sámi owned must give high priority to expand their market to gain financial growth, hence directly improving wealth creation and job creation.

The findings for the non-Sámi owned companies are that there is a significant correlation, the interpretation of this is that companies by expanding their market area (here one step on a 7 step scale) (like moving from local market orientation to local/regional market orientation), obtain in average a much higher company value growth over the three year period.

But it is interesting to see that there is no correlation between geographical market ambitions and company value growth for the Sámi owned companies. Qualitative research must be done to reveal whether the companies in the selection area in general are not willing or able to extend their market perspective and identify factors that limit them in doing so.

A company like Kardiolog Utsi AS[30] might be representative for competence ventures in the area. The company offers specialist health services, cardiology to be precise. This company has stabile incomes just above 2,5 million kr. and quite good margins, making its way onto the list. But despite it being a high-competence company, it seems to aim for a limited local market.

5.3.5 Ethnic differences in market orientation

5.3.5.1 Market orientation and ethnicity hypothesis testing

H5: Sámi-owned businesses are aiming for more limited markets than non-Sámi-owned businesses.

H5-0: Sámi-owned businesses are not aiming for more limited markets than non-Sámi-owned businesses.

Figure 8 Hypothesis test summary for Geographical market orientation across ethnicity of owner

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Geographical market orientation is the same across categories of Ethinicity of owner.	Independent-Samples Mann-Whitney U Test	.833	Retain the null hypothesis.
2	The range of Geographical market orientation is the same across categories of Ethinicity of owner.	Independent-Samples Moses Test of Extreme Reaction	.004[1]	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

[1] Exact significance is displayed for this test.

[30] http://www.proff.no/selskap/kardiolog-utsi-as/karasjok/oppføringer-uten-bransjetilknytning/Z000LZ12/

The Moses Test of Extreme Reaction removes relevant extremes, to be precise the highest 2,5% and the lowest 2,5% of the cases, so that we get a new average score (mean). Even if the null hypothesis is being rejected when using Moses Test of Extreme Reaction, the difference between these two adjusted means is so marginal that it makes no practical sense.

Table 18 5% Trimmed Mean for Geographical market orientation across owner ethnicity

Geographical market orientation

	Ethinicity of owner			Statistic
Geographical market orientation	Sámi ownership 16 companies (N)	Mean		**1,59**
		95% Confidence Interval for Mean	Lower Bound	**1,04**
			Upper Bound	**2,14**
		5% Trimmed Mean		**1,43**
		Std. Deviation		**1,064**
	Non-Sámi ownership 17 companies (N)	Mean		**1,63**
		95% Confidence Interval for Mean	Lower Bound	**1,11**
			Upper Bound	**2,14**
		5% Trimmed Mean		**1,53**
		Std. Deviation		**,957**

The conclusion is that the ethnic differences are not significant in the Mann-Whitney U Test, and for the Moses Test are the differences of new means so marginal that it has no practical implication, and hence are there no ethnical differences with regards to this variable.

5.3.5.2 Discussion on market orientation and ethnicity

Our findings are not in accordance with the theoretical assumptions found in chapter 3. According to theory, there should be a significant difference in market orientation; Sámi owned companies should tend to focus on narrower and more limited markets. This hypothesis was refused and given the same rural geographical condition that the companies of the selection have, there is no difference in market orientation. The significant difference achieved after 5% trimming with the Moses test was only 0,10 points, which in practice means nothing on a 7-point scale.

On the other hand, companies can by modest widening of their markets achieve strong value growth for owners.

One aspect which would be very interesting to take a closer look at, is innovation levels, whether there are differences in innovativeness between Sámi and non-Sámi owned companies. This is obviously not possible to measure only from financial reports, but market orientation is likely to be closely connected to innovation levels, meaning there will probably be no difference with regards to innovation levels either. With reference to geographical market orientation levels, innovation levels of the companies are likely to be low. But more qualitative work is needed to clarify this.

5.4 Invested equity – findings and discussion

The variable used to explain this relationship is explained below:

Notice that the average invested equity all over the selection is 332 000 NOK with a Standard Deviation of 448, which reveals that there is quite a variation in this sample.

Table 19 Invested Equity - Descriptive Statistics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Invested equity	33	100	2100	322	448

The listing of invested equity follows on the following page.

Table 20 Invested Equity distribution - entire selection

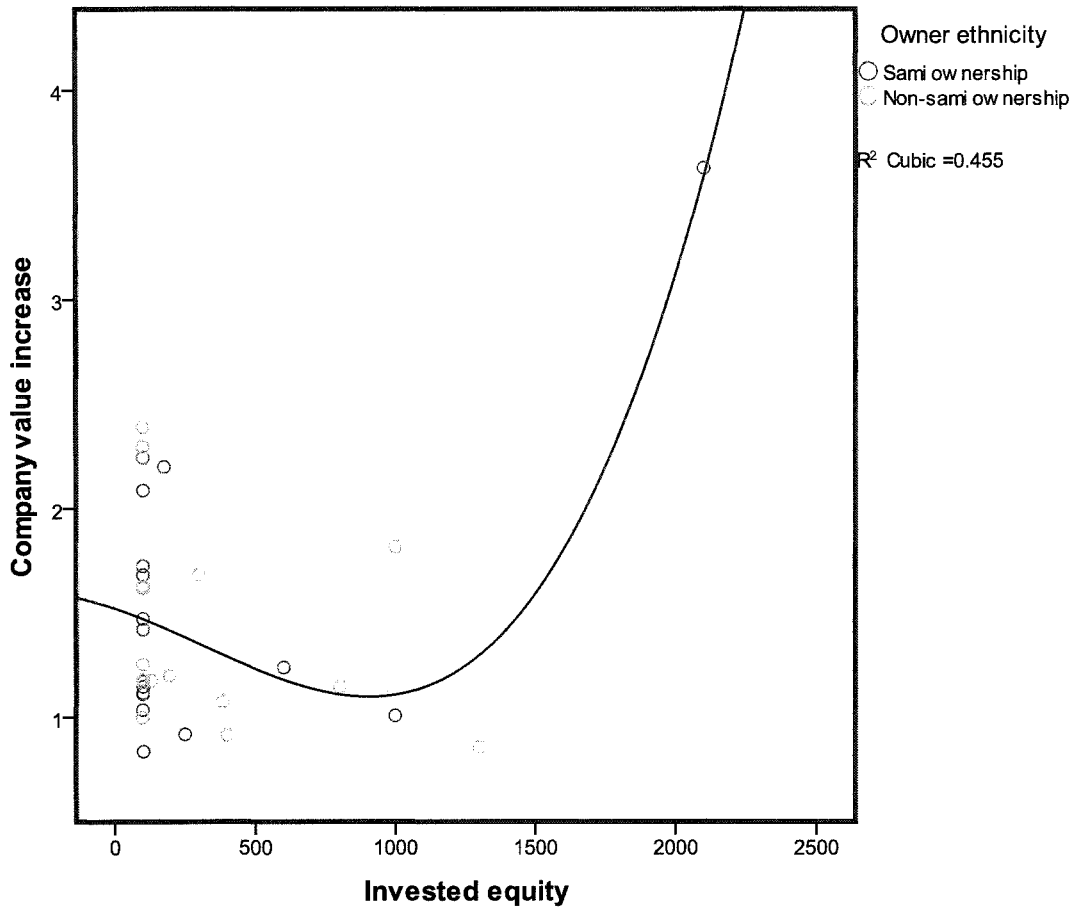
Invested equity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	100	19	57.6	57.6	57.6
	102	1	3.0	3.0	60.6
	130	1	3.0	3.0	63.6
	175	1	3.0	3.0	66.7
	195	1	3.0	3.0	69.7
	250	1	3.0	3.0	72.7
	300	1	3.0	3.0	75.8
	383	1	3.0	3.0	78.8
	400	1	3.0	3.0	81.8
	600	1	3.0	3.0	84.8
	800	1	3.0	3.0	87.9
	1000	2	6.1	6.1	93.9
	1300	1	3.0	3.0	97.0
	2100	1	3.0	3.0	100.0
	Total	33	100.0	100.0	

As you can see from figure 7 below there are many cases at the 100 axis, because 100 (000) was[31] the minimum Invested Equity in Norway, and most of the companies have invested only 100 and some have gained quite good company value rates.

[31] It has been changed to 30 000 with effect from 2012 onwards.

Figure 9 Cubic distribution of Invested Equity and Company value incerase



For all of the companies in the selection there is not a significant correlation between invested equity and company value increase. The correlation table is to be found under Appendix 5.

For the Sámi-owned companies there is not a significant correlation between invested equity and company value increase. The correlation table is to be found under Appendix 5.

For the non-Sámi owned companies there is not a significant correlation between invested equity and company value increase. The correlation table is to be found under Appendix 5.

I made a Shapiro-Wiik normality test for the selection with invested equity above 101 (see Appendix 4), and both for Sámi and non-Sámi owned companies the selection was found to be normally and linearly distributed (unlike the entire selection as the graph above shows), so it allowed me to make use of Pearson correlation, which is the basis for the following findings.

5.4.1 Invested equity and company value increase for the selection as a whole

Table 21 Company's 3 years value increase and Invested Equity - Descriptives for 14 companies with Inv.eq>101

Descriptive Statistics

	Mean	Std. Deviation	N
Company's 3 years value increase	1.41	.754	14
Invested equity	624	569	14

As we can see from table 22 below, for the 14 companies of the entire selection that have invested equity higher than 101 there is a significant (.026) correlation between invested equity and company value increase. The interpretation is that there is a quite strong positive (.592) correlation between Company's 3 year value increase and Invested Equity.

Table 22 Pearson correlation betwen Company's 3 years value increase and Invested Equity - for 14 companies with Inv.eq>101

Correlations

		Company's 3 years value increase	Invested equity
Company's 3 years value increase	Pearson Correlation	1	.592*
	Sig. (2-tailed)		.026
	N	14	14
Invested equity	Pearson Correlation	.592*	1
	Sig. (2-tailed)	.026	
	N	14	14

*. Correlation is significant at the 0.05 level (2-tailed).

5.4.2 Invested equity and company value increase for the Sámi-owned companies

Only 6 Sámi-owned companies have Invested Equity higher than 100 as table 23 below shows. They have an average equity of 705 with a normal spread which is approximately the same as the average.

Table 23 Company's 3 years value increase and Invested Equity - Descriptives for 6 Sámi owned companies with Inv.eq>101

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Invested equity	6	102	2100	705	761

Table 24 Invested Equity - Frequencies for 6 Sámi owned companies with Inv.eq>101

Invested equity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	102	1	16.7	16.7	16.7
	175	1	16.7	16.7	33.3
	250	1	16.7	16.7	50.0
	600	1	16.7	16.7	66.7
	1000	1	16.7	16.7	83.3
	2100	1	16.7	16.7	100.0
	Total	6	100.0	100.0	

As we can see from table 25 below, for the 6 Sámi owned companies of the entire selection that have invested equity higher than 101 there is a significant (.083) correlation between invested equity and company value increase. It is very positive (.755). This means that investing further Equity in the Sámi owned company should increase its financial value.

Table 25 Pearson correlation betwen Company's 3 years value increase and Invested Equity - for 6 Sámi owned companies with Inv.eq>101

Correlations

		Company's 3 years value increase	Invested equity
Company's 3 years value increase	Pearson Correlation	1	.755
	Sig. (2-tailed)		.083
	N	6	6
Invested equity	Pearson Correlation	.755	1
	Sig. (2-tailed)	.083	
	N	6	6

5.4.3 Invested equity and company value increase for the non-Sámi-owned companies

8 non-Sámi owned companies have Invested Equity higher than 100 as table 26 below shows. They have an average equity of 564 with a normal spread which is lower than the average.

Table 26 Company's 3 years value increase and Invested Equity - Descriptives for 6 non-Sámi owned companies with Inv.eq>101

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Invested equity	8	130	1300	564	421

Table 27 Invested Equity - Frequencies for 6 Sámi owned companies with Inv.eq>101

Invested equity

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	130	1	12.5	12.5	12.5
	195	1	12.5	12.5	25.0
	300	1	12.5	12.5	37.5
	383	1	12.5	12.5	50.0
	400	1	12.5	12.5	62.5
	800	1	12.5	12.5	75.0
	1000	1	12.5	12.5	87.5
	1300	1	12.5	12.5	100.0
	Total	8	100.0	100.0	

For the 8 non Sámi owned companies of the entire selection that have invested equity higher than 101 there is not significant correlation between invested equity and company value increase. The correlation table is found in Appendix 5.

5.4.4 Discussion on capital availability as a company value growth driver

The results from the findings indicate that Sámi owned companies are in need of capital to grow, and that their need is higher than among Non Sámi companies. This opens up an interesting perspective of differentiating on ethnicity and making special arrangements to accommodate this group of companies. Concepts as the Australian model "*Indigenous Business Australia's Joint Venture Program*[32]" might be suitable for balancing out capital gaps Sámi entrepreneurs are facing, same for a model like the "*Maori Potential Fund* "of New Zealand.

This can also be connected to entrepreneurship as a pathway to obtain Sámi self determination. This idea is not new among policy makers, whereas a huge Sámi investment fund was proposed by the Labour party's local branch in Karasjok a few years back.

[32] http://www.iba.gov.au/joint-venture-investments/

It is very interesting to notice that Bates & Bradford (2007) find American minority venture capital funds to give better returns to their investors than regular funds. One of the explanations is that minority venture capital funds accept fewer risks.

5.4.5 Ethnic differences in invested equity

5.4.5.1 Invested equity – ethnicity hypothesis testing

H3: Sámi owners invest less equity in their companies than non-Sámis do.

H3-0: Sámi owners do not invest less equity in their companies than non-Sámis do.

I did an Independent-Samples Mann-Whitney U Test and an Independent-Samples Moses Test of extreme reaction. The latter rejected the null hypothesis. So I had to check out the 5% Trimmed Mean, which can be found in table 28.

Figure 10 Hypothesis Test Summary for distribution of Invested Equity across ethnicity

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Invested equity is the same across categories of Ethinicity of owner.	Independent-Samples Mann-Whitney U Test	.389	Retain the null hypothesis.
2	The range of Invested equity is the same across categories of Ethinicity of owner.	Independent-Samples Moses Test of Extreme Reaction	.025[1]	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

[1] Exact significance is displayed for this test.

The differences between 5% Trimmed Means for Sámi and non-Sámi owners is 65. Although the difference in Standard Deviation is quite high, the 95% Confidence Interval for the means is not too different between the two ethnic groups, so the conclusion must be that Sámis have a little less Invested Equity in their companies.

Table 28 Mean and trimmed mean for invested equity split by ethnicity of company owner

Mean and trimmed mean for invested equity split by ethnicity of company owner

	Ethinicity of owner			Statistic
Invested equity	Sámi ownership	Mean		313
	16 companies (N)	95% Confidence Interval for	Lower Bound	46
		Mean	Upper Bound	580
		5% Trimmed Mean		226
		Std. Deviation		519
	Non-Sámi ownership	Mean		332
	17 companies (N)	95% Confidence Interval for	Lower Bound	132
		Mean	Upper Bound	531
		5% Trimmed Mean		291
		Std. Deviation		374

The Moses Test of Extreme Reaction removes relevant extremes, to be precise the highest 2,5% and the lowest 2,5% of the cases, so that we get a new average score (mean).

The conclusion is that the ethnic differences are not significant in the Mann-Whitney U Test, and for the Moses Test is the Invested Equity difference of 65 000 NOK significant and there is no more variation for the Sámi Invested Equity than the Norwegian.

5.4.5.2 Discussion on ethnicity and amount of invested equity

According to the theoretical expectations and the statistics from SSB, Sámi entrepreneurs should be investing less in their companies. The untrimmed Mann-Whitney U-test finds no significance. The significant difference achieved after 5% trimming with the Moses test was only 65 and also had a much higher standard deviation (591 for Sámi owned companies versus 374 for non-Sámi owned companies). This means Sámi owned companies invested only 65 000 less than non-Sámi owned companies in average and there is also much higher spread amongst the Sámi-owned companies so we conclude that Sámi company owners invest slightly less in their companies than do non-Sámi owners.

Again I will draw attention to the age factor, most of these companies have been in the market for a long time and the owners have probably increased their personal wealth, if not directly by dividends (which very few of the companies have paid) then through salary payments. It is likely that some of

these funds have been reinvested in the company, or reduced salaries have been paid in order to withhold capital in the company. Invested equity only measures how much the owners have invested of the total equity found in their 2010 annual accounts. This might explain why there is no difference. Stricter lending practices in banks also add to this lack of differences. Uniform lending rules force owners to comply with equity rules in order to obtain bank loans, hence eroding differences in the proportion of own invested equity found.

5.5 Network as a driver of company financial value growth

The variable used to explain this relationship is explained below:

This was from the beginning a challenging factor to measure, I have tried to see whether differences in number of owners and the network of the Chief Executive Officer (daglig leder) has any effect on company value growth. None of these two variables had any significant correlation for any of the groups.

5.5.1 Network and company value increase for the selection as a whole

Table 29 below shows that the 33 companies of the selection in average have 2.5 owners.

Table 29 Mean of Number of Owners for the entire selection

Statistics

Number of owners

N	Valid	**33**
	Missing	**0**
Mean		**2.48**
Std. Deviation		**1.698**

Table 30 Distribution of Number of Owners for the entire selection

Number of owners

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 owner	11	33.3	33.3	33.3
	2 owners	10	30.3	30.3	63.6
	3 owners	5	15.2	15.2	78.8
	4 owners	4	12.1	12.1	90.9
	6 owners	2	6.1	6.1	97.0
	8 owners	1	3.0	3.0	100.0
	Total	33	100.0	100.0	

The correlation table (Appendix 5) shows that there is not a significant correlation between number of owners and company value increase for the selection as a whole.

Table 31 below shows that the 33 companies of the selection in average have 4.45 contacts in the business world, data obtained from network search at proff.no.

Table 31 Mean of Number of connections (CEO) for the entire selection

Statistics

CEO: Number of connections

N	Valid	33
	Missing	0
Mean		4.45
Std. Deviation		5.512

Table 32 Distribution of Number of connections (CEO) for the entire selection

CEO: Number of connections

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 connection	4	12.1	12.1	12.1
	2 connections	11	33.3	33.3	45.5
	3 connections	4	12.1	12.1	57.6
	4 connections	6	18.2	18.2	75.8
	5 connections	1	3.0	3.0	78.8
	6 connections	1	3.0	3.0	81.8
	7 connections	2	6.1	6.1	87.9
	8 connections	1	3.0	3.0	90.9
	10 connections	2	6.1	6.1	97.0
	32 connections	1	3.0	3.0	100.0
	Total	33	100.0	100.0	

The correlation table (Appendix 5) shows that there is not a significant correlation between the network of the Chief Executive Officer (daglig leder) and company value increase for the selection as a whole.

5.5.2 Network and company value increase for the Sámi owned companies

Table 33 Mean of Number of Owners for the Sámi owned companies

Statistics

Number of owners

N	Valid	17
	Missing	0
Mean		2.65
Std. Deviation		1.656

Table 34 Distribution of Number of Owners for the Sámi owned companies

Number of owners

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 owner	3	17.6	17.6	17.6
	2 owners	7	41.2	41.2	58.8
	3 owners	4	23.5	23.5	82.4
	4 owners	2	11.8	11.8	94.1
	8 owners	1	5.9	5.9	100.0
	Total	17	100.0	100.0	

The correlation table (Appendix 5) shows that there is not a significant correlation between number of owners and company value increase for the Sámi owned companies.

Notice from table 35 below that Sámi companies' CEO in average have 2.31 formal contacts in the business world, versus 2.65 for the Norwegian companies as we can see from table 33 above. This is not much of a difference.

Table 35 below tells us that Sámi companies' CEO's have in average 3.47 formal contacts in the business world as we can see from table 33 above. Notice the relatively low Standard Deviation (1.875).

Table 35 Mean of Number of connections (CEO) for the Sámi owned companies

Statistics

CEO: Number of connections

N	Valid	17
	Missing	0
Mean		3.47
Std. Deviation		1.875

Table 36 Distribution of Number of connections (CEO) for the Sámi owned companies

CEO: Number of connections

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 connection	1	5.9	5.9	5.9
	2 connections	6	35.3	35.3	41.2
	3 connections	2	11.8	11.8	52.9
	4 connections	5	29.4	29.4	82.4
	5 connections	1	5.9	5.9	88.2
	7 connections	1	5.9	5.9	94.1
	8 connections	1	5.9	5.9	100.0
	Total	17	100.0	100.0	

The correlation table (Appendix 5) shows that there is not a significant correlation between the network of the Chief Executive Officer (daglig leder) and company value increase for the Sámi owned companies.

5.5.3 Network and company value increase for the non-Sámi-owned companies

Table 37 Mean of Number of Owners for the non-Sámi owned companies

Statistics

Number of owners

N	Valid	16
	Missing	0
Mean		2.31
Std. Deviation		1.778

Table 38 Distribution of Number of Owners for the non-Sámi owned companies

Number of owners

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 owner	8	50.0	50.0	50.0
	2 owners	3	18.8	18.8	68.8
	3 owners	1	6.3	6.3	75.0
	4 owners	2	12.5	12.5	87.5
	6 owners	2	12.5	12.5	100.0
	Total	16	100.0	100.0	

The correlation table (Appendix 5) shows that there is not a significant correlation between number of owners and company value increase for the non-Sámi owned companies.

Table 39 below tells us that Norwegian companies' CEO's have in average 5.5 formal contacts in the business world as we can see from table 33 above. Notice the high Standard deviation (7.668).

Table 39 Mean of Number of connections (CEO) for the non-Sámi owned companies

Statistics

CEO: Number of connections

N	Valid	16
	Missing	0
Mean		5.50
Std. Deviation		7.668

Table 40 Distribution of Number of connections (CEO) for the non-Sámi owned companies

CEO: Number of connections

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 connection	3	18.8	18.8	18.8
	2 connections	5	31.3	31.3	50.0
	3 connections	2	12.5	12.5	62.5
	4 connections	1	6.3	6.3	68.8
	6 connections	1	6.3	6.3	75.0
	7 connections	1	6.3	6.3	81.3
	10 connections	2	12.5	12.5	93.8
	32 connections	1	6.3	6.3	100.0
	Total	16	100.0	100.0	

The correlation table (Appendix 5) shows that there is not a significant correlation between the network of the Chief Executive Officer (daglig leder) and company value increase for the non-Sámi owned companies.

5.5.3 Discussion on network and company value increase

Knivsmed Strømeng AS has no less than 8 owners, and the regional bank Sparebank 1 Nord-Norge being one of them. Knivsmed Strømeng has grown 1% during these three years, which is not impressive in any sense.

On the other hand, the only locally owned company in the selection that is big in a Northern Norwegian context, Aage Pedersen AS (60 mill. NOK, Tana), has only one owner. This is also the fastest-growing company in the selection with its 263% financial value increase. These two examples show the point of the findings, that there is no significant correlation between number of owners and company value growth. This is not in accordance with the theoretical framework which states that more owners should mean a larger network and better and easier access to resources.

5.5.4 Ethnic differences in network size?

According to the theoretical expectations, Sámi entrepreneurs should have smaller networks than non-Sámis.

5.5.4.1. Number of owners

H2: Number of owners correlates positively with company value growth.

H2-0: Number of owners does not correlate positively with company value growth.

5.5.4.2 Connections of Chief Executive Officer

H5: Sámi owned companies are less likely to have an external Chairman of Board than non-Sámi owned companies are.

H5-0: Sámi owned companies are less likely to have an external Chairman of Board than non-Sámi owned companies are.

I did an Independent-Samples Mann-Whitney U Test and an Independent-Samples Moses Test of extreme reaction. The latter rejected the null hypothesis for CEO connections, so I had to check the 5% trimmed mean, see table 41.

Figure 11 Hypothesis test summary for Number of Owners and CEO connections across Ethnicity of owner

Hypothesis Test Summary

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of Number of owners is the same across categories of Ethinicity of owner.	Independent-Samples Mann-Whitney U Test	.255	Retain the null hypothesis.
2	The range of Number of owners is the same across categories of Ethinicity of owner.	Independent-Samples Moses Test of Extreme Reaction	.105[1]	Retain the null hypothesis.
3	The distribution of CEO: Number of connections is the same across categories of Ethinicity of owner.	Independent-Samples Mann-Whitney U Test	.839	Retain the null hypothesis.
4	The range of CEO: Number of connections is the same across categories of Ethinicity of owner.	Independent-Samples Moses Test of Extreme Reaction	.004[1]	Reject the null hypothesis.

Asymptotic significances are displayed. The significance level is .05.

[1] Exact significance is displayed for this test.

Table 41 Mean and 5% trimmed Mean of Number of connections of CEO

Mean and 5% trimmed Mean of Number of connections of CEO

	Ethinicity of owner			Statistic
CEO: Number of connections	Sámi ownership	Mean		3,47
		95% Confidence Interval for Mean	Lower Bound	2,51
			Upper Bound	4,43
		5% Trimmed Mean		3,36
		Std. Deviation		1,875
	Non-Sámi ownership	Mean		5,50
		95% Confidence Interval for Mean	Lower Bound	1,41
			Upper Bound	9,59
		5% Trimmed Mean		4,28
		Std. Deviation		7,668

The Moses Test of Extreme Reaction removes relevant extremes, to be precise the highest 2,5% and the lowest 2,5% of the cases, so that we get a new average score (mean). Even if the null hypothesis is being rejected when using Moses Test of Extreme Reaction, the difference between these two adjusted means is so marginal that it makes no practical sense.

The conclusion is that the ethnic differences are not significant in the Mann-Whitney U Test, and for the Moses Test are the differences of new means so marginal that it has no practical implication, and hence are there no ethnical differences with regards to this variable.

5.5.5 Discussion on ethnicity and amount of invested equity

The untrimmed Mann-Whitney U-test finds no significant difference on either number of owners nor the network of the CEO. The significant difference achieved after 5% trimming with the Moses test for the network of the CEO was 0,92 and also had a much higher standard deviation (7,6 for non-Sámi owned companies versus 1,9 for Sámi owned companies). This means the CEO's of Sámi owned companies have approximately 1 person less in their network of other business persons than non-Sámi owned companies in average and there is also much higher spread amongst the non-Sámi owned companies so we conclude that companies with Sámi owners have smaller network than do companies with non-Sámi owners.

Network is a complex issue in the Sámi culture. Two important Sámi concepts clash: the group mentality that places consensus in the first place, which should mean that Sámis also start companies in groups (as in three owners or more). The other concept is *bierggit* which basically means "to survive" or "to sustain", where the reason for one running a company is that one just wants to sustain a life with an acceptable lifestyle and avoids risk. This should mean more companies with only and same person as owner and one person in the Board, the owner, because the owner has no growth intentions. It is very clear from the results, that that these two concepts balance each other out. One observe some Sámi companies with many owners, but also many solo-owned Sámi companies than found among non -Sámis companies. In total no significant difference is found with regards to network among the groups. Hence number of owners and the ethnicity is not related in our findings.

5.6 Export

In the selection there were only 2 companies exporting in 2009: Norwegian Crystallites exporting for NOK 69.402 mill. and Elkem Tana for NOK 21.682 mill. In 2010 it was only NC remaining with NOK 128.969 mill. In export revenues. The salmon farming company Musken Laks is probably also exporting, though through either a mother or sales company. Anyways are none of the locally owned companies exporting. Hence is it impossible to figure out any differences or variation between Sámi and Norwegian companies, but a general conclusion that the locally owned companies in traditional Sámi living areas are hardly export companies. This is accordance with the picture of the Sámi area companies that Vareide and Nyborg Storm (2010) draw, showing that there are few growth-companies in general and few companies per capita in some of the municipalities in the report.

5.7 Owner gender

From publicly available proff.no. This variable is not any main finding of the thesis, but is included because the Sámi Parliament is focusing on women entrepreneurship, so it is interesting to get to know the gender rate in the companies of the selection.

Table 42 Number of companies owned at least 50% by women

Descriptive Statistics

	N	Sum
Company owned at least 50% by women	**33**	**3**

By a role search through Proff.no, I found that of the 33 locally owned, only three (9,1%) were owned at least 50% by women. For all the 33 companies all but two (6%) are lead by a male CEO/contact person: Tana Byggmarked and Inka AS have a female CEO. The norm being one same male being the lone owner, COB and CEO. The N will be too low to compare gender values based on company owner ethnicity and get a meaningful picture.

5.8 Age of the company

There is only two years difference between the age of the Sámi-owned (1996) and non-Sámi-owned (1998) company. Note though that they are in average 15 years old, meaning here are few nascent super-fast growing companies.

Table 43 Age of the Sámi owned company, with average

Descriptive Statistics

	N	Minimum	Maximum	Mean
stiftårmnd	17	1984	2004	1996
Valid N (listwise)	17			

Table 44 Age of the non-Sámi owned company, with average

Descriptive Statistics

	N	Minimum	Maximum	Mean
stiftårmnd	16	1975	2007	1998

6 Conclusion

6.1 To the research question(s)

Financial value of companies is very important because it reveals the company's ability to create profit for its owners. And with regards to the society we know that job creation happens in growing companies so it is essential to any economy, let it be on national or local level as in this case, to have enough growing companies to sustain economic growth, employment and wealth creation.

The main research question of this thesis was as following:

Are there any differences in factors affecting financial growth in Sámi owned and non-Sámi owned companies?

The thesis reveals that there are only marginal differences between Sámi and non-Sámi companies with regards to value growth. Sámi companies have a little less invested equity and limited CEO network, but there were no significant differences between financial value growth, geographical market orientation and number of owners between these groups of companies.

The thesis finds that despite comparably less Invested Equity levels are Sámi companies growing at the same rate as non-Sámi.

Conclusion with regards to the sub questions are as following:

Does market orientation affect growth in Sámi owned and non-Sámi owned companies differently?

There is a significant correlation between market orientation and company financial value growth of the companies of the selection. From the findings of this thesis there is also a significant correlation between geographical market orientation and growth in firm value for non-Sámi owned companies, but not for Sámi owned companies.

Does capital availability affect growth in Sámi owned and non-Sámi owned companies differently?

The results show a significant correlation between the amount of invested equity and financial growth for Sámi companies, but not for non-Sámi companies. One implication is that Sami companies experience lack of financial capital compared to Non Sami firms.

Does network affect growth in Sámi owned and non-Sámi owned companies differently?

There was no significant correlation between network and financial growth for the companies in the selection. The reason might be that many of these companies are in service industries and sell directly to private customers, and hence need fewer contacts in the professional business life.

6.2 Implications for company owners

Company owners in the selection area should widen their geographical market to increase the financial value of their company.

Sámi company owners should reinvest capital in the company because increased equity means increased company value increase.

Sámi companies should increase their network, even though it is not directly connected to growth, they need network to strengthen the company's resource base.

Non-sámi company owners should make better use of their equity to create growth.

6.3. Implications for policy makers

From the findings of this thesis it is clear that increasing equity in Sámi owned companies has a huge potential to create growth both in value and turnover. This thesis suggests investments based on ethnicity, models than can be imported and adjusted for the Sámi area are the *Maori Potential Fund* of New Zealand. Or *Indigenous Business Australia's Joint Venture Program*.

Municipalities must be strengthened to create an environment which is more entrepreneurship friendly.

Entrepreneurial activity amongst women and youth should be increased because a well-balanced entrepreneurial community will affect the attraction of these rural municipalities because it creates an image of equal opportunities which the present picture does not.

Training programs should be established because there is a potential to recruit corporate entrepreneurs from the stock of social entrepreneurs, of which there are believed to be many of among Sámi youths especially.

6.4 Limitations of the thesis

The foremost limitation is that none of the data have been gathered by qualitative methods except for identifying the ethnicity of the owner via the municipalities. It would have added a deeper understanding of the phenomena.

6.5 Future research questions:

In general, there are some issued raised in this thesis that should be addressed by qualitative research:

Firstly, the fourth factor affecting financial growth is motivation, and this thesis has not been aiming at explaining it. It would be interesting to see whether there are any differences between Sámi and non-Sámi owners.

This thesis could not reveal any significant correlations between company value increase and number of owners and external Chairman of Board respectively. But these two factors are far from explaining the entire network of a company, so further research with regards to ethnic differences on network is needed.

With regards to market aim, qualitative research must be done to reveal whether the companies in the selection area in general are not willing or able to extend their market view and what the factors that limit them in doing so are.

And there are two questions that eventually could be approached from the economics' domain:

Is a model like the *Maori Potential Fund* of New Zealand or *Indigenous Business Australia's Joint Venture Program* suitable for balancing out equity needs Sámi entrepreneurs are facing to grow?

What will the effects of increased financial options through a huge fund be for Sámi entrepreneurs? Are there other possible ways of financing nascent Sámi entrepreneurs than a huge fund?

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Appendix 1 SPSS variable computing keys

ROE08=aars0809 / (0.5 * (sek07 + sek0809))

ROE09=aars0910 / (0.5 * (sek0809 + sek0910))

ROE10=aars1010 / (0.5 * (sek0910 + sek1010))

ROE11=(ROE08 + ROE09 + ROE10) / 3

ROE12=(ROE09 + ROE10 + ROE11) / 3

K= ((sub1010 / aars1010) + (sub0910 / aars0910) + (sub0809 / aars0809)) / 3

BV11= (1 + (1 - k) * ROE11) * sek1010

BV12= (1 + (1 - k) * ROE12) * (1 + (1 - k) * ROE12) * BV11

Beta --→ manuelt, testet med 1.00

Re=0.72 * 0.0224 + Beta * (0.05 + 0.28 * 0.0224)

TERMVALUE=(ROE11 - Re) / ((1 + Re) * (Re - 0.015)) * sek1010

value10= sek1010 + (ROE10 - Re) / (1 + Re) * sek1010 + (ROE10 - Re) / (1 + Re) * (Re - 0.015) * sek1010

value11=sek1010 + (ROE10 - Re) / (1 + Re) * sek1010 + (ROE11 - Re) / ((1 + Re) ** 2) * BV11 + (ROE11 - Re) / ((1 + Re) ** 2) * (Re - 0.015) * BV11

value12= sek1010 + (ROE10 - Re) / (1 + Re) * sek1010 + (ROE11 - Re) / ((1 + Re) ** 2) * BV11 + (ROE12 - Re) / ((1 + Re) ** 3) * BV12 + (ROE12 - Re) / ((1 + Re) ** 3) * (Re - 0.015) * BV12

valueinc= (value12 / value10)-1

Appendix 2 Overview of Company value, % value change for non-Sámi owned companies

		value10	value11	value12	valueinc
		Mean	Mean	Mean	Mean
NAVN	ALEX ELEKTRO AS	1122	1430	1818	.62
	AS NORMASKIN TANA	3837	3821	3830	.00
	BERTIL JOHNSEN AS	5534	6881	9015	.63
	BYGGMESTER M PAULEN AS	2506	2567	2699	.08
	GUTTORMSEN TRANSPORT AS	1943	2349	3272	.68
	LEVAJOK FJELLSTUE AS	2385	2474	2044	-.14
	RIKARDSEN TRANSPORT AS	2582	2729	3050	.18
	STYRO NOR AS	7164	8526	13029	.82
	SVEN ENGHOLM AS	1404	1943	3357	1.39
	TANA BYGGMARKED AS	2352	2426	2743	.17
	TANA GULL OG SØLVSMIE AS	2164	2076	1978	-.09
	TANA REGNSKAPSKONTOR AS	1823	1968	2186	.20
	TANA SCOOTER & ATV AS	1275	1409	1461	.15
	TORBJØRN MIKALSEN AS	2069	2195	2373	.15
	VARANGER BILBERGNING AS	1183	1164	1392	.18
	ØYVIND JOHANSEN MASKIN AS	1384	1470	1735	.25

Appendix 3 Overview of Company value, % value change for Sámi owned companies

		value10	value11	value12	valueinc
		Mean	Mean	Mean	Mean
NAVN	AAGE PEDERSEN AS	16436	25291	59654	2.63
	ALEKSANDERSEN AS	921	1324	2115	1.30
	AUTO- MEK AS	1572	1891	2644	.68
	BRØDRENE JOHANSEN LEGESKYSS AS	1788	2018	2215	.24
	BRØDRENE JOHANSEN SKYSSBÅTER AS	2483	2369	2281	-.08
	DAT AS	1620	1728	1677	.04
	DM CONSULT AS	917	1074	1304	.42
	EIKELAND AS	2691	3132	5921	1.20
	INKA AS	494	558	1110	1.24
	KARDIOLOG UTSI AS	1100	1213	1222	.11
	KAUTOMASKIN AS	1698	2071	1992	.17
	KNIVSMED STRØMENG AS	2875	2907	2899	.01
	LOFOTVÆRING AS	1665	2067	2872	.73
	MATS HUS AS	8225	9144	9195	.12
	NORD TROMS BYGG & ANLEGG AS	1484	1772	3099	1.09
	TANA BILGLASS AS	1487	1380	1243	-.16
	ØVERLI REGNSKAP AS	766	950	1128	.47

Appendix 4 Company value over 3 years and % change, externally owned companies

		value10	value11	value12	valueinc
		Mean	Mean	Mean	Mean
NAVN	ANLEGGSDRIFT BRØNN OG ENERGIBORING AS	2753	2577	2645	-.04
	ELKEM TANA AS	23337	34603	76921	2.30
	FRODE UTSI AS	4656	4518	4365	-.06
	MUSKEN LAKS AS	61248	71877	88405	.44
	NORWEGIAN CRYSTALLITES AS	87444	85678	86995	-.01

Appendix 5 T-test results

Group Statistics

	eierskap	N	Mean	Std. Deviation	Std. Error Mean
valueinc	Sámi ownership	17	1.8483	.86623	.21009
	Non-Sámi ownership	20	1.6545	.52740	.11793
marketor	Sámi ownership	17	1.59	1.064	.258
	Non-Sámi ownership	20	1.50	.889	.199
inveqper	Sámi ownership	17	3.1335	5.19272	1.25942
	Non-Sámi ownership	20	2.9465	3.43087	.76717

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
valueinc	Equal variances assumed	3.047	.090	.836	35	.409	.19382	.23186	-.27689	.66453
	Equal variances not assumed			.804	25.537	.429	.19382	.24093	-.30185	.68949
marketor	Equal variances assumed	.090	.766	.275	35	.785	.088	.321	-.563	.740
	Equal variances not assumed			.271	31.320	.788	.088	.326	-.576	.752
inveqper	Equal variances assumed	.620	.436	.131	35	.896	.18703	1.42716	-2.71026	3.08432
	Equal variances not assumed			.127	26.952	.900	.18703	1.47468	-2.83902	3.21308

Appendix 6 Shapiro-Wiik normality text for all relevant variables

Tests of Normality

	eierskap	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
valueinc	Sámi ownership	.192	17	.096	.812	17	.003
	Non-Sámi ownership	.249	16	.009	.872	16	.030
marketor	Sámi ownership	.357	17	.000	.622	17	.000
	Non-Sámi ownership	.368	16	.000	.707	16	.000
invequity	Sámi ownership	.372	17	.000	.492	17	.000
	Non-Sámi ownership	.268	16	.003	.691	16	.000
numbrown	Sámi ownership	.240	17	.010	.755	17	.001
	Non-Sámi ownership	.270	16	.003	.754	16	.001
COBext	Sámi ownership	.497	17	.000	.470	17	.000
	Non-Sámi ownership	.492	16	.000	.484	16	.000
CEOconn	Sámi ownership	.212	17	.040	.867	17	.020
	Non-Sámi ownership	.279	16	.002	.586	16	.000
COBconn	Sámi ownership	.394	17	.000	.557	17	.000
	Non-Sámi ownership	.261	16	.005	.634	16	.000
solidav	Sámi ownership	.104	17	.200*	.965	17	.721
	Non-Sámi ownership	.178	16	.190	.904	16	.095
lonnsav	Sámi ownership	.110	17	.200*	.982	17	.971
	Non-Sámi ownership	.183	16	.158	.906	16	.099

a. Lilliefors Significance Correction

*. This is a lower bound of the true significance.

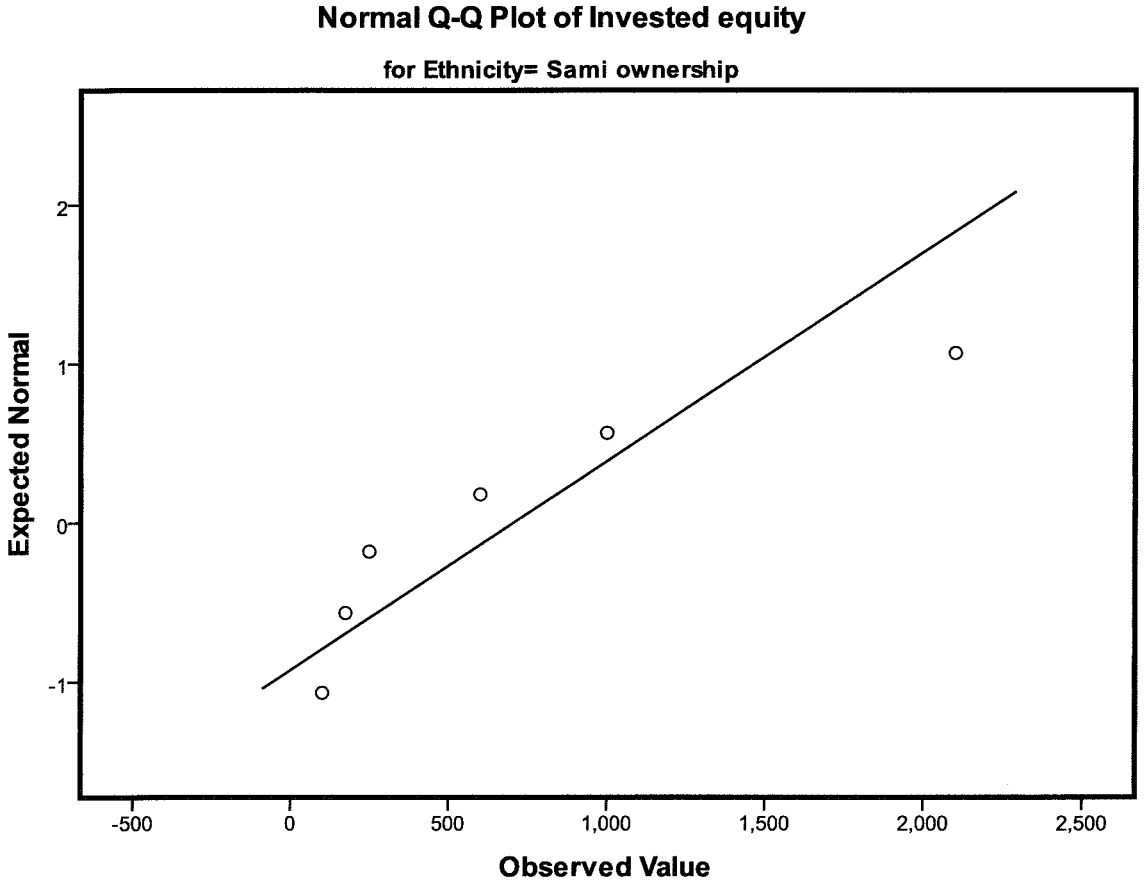
Appendix 7 Shapiro-Wiik normality test for selection with invested equity above 101

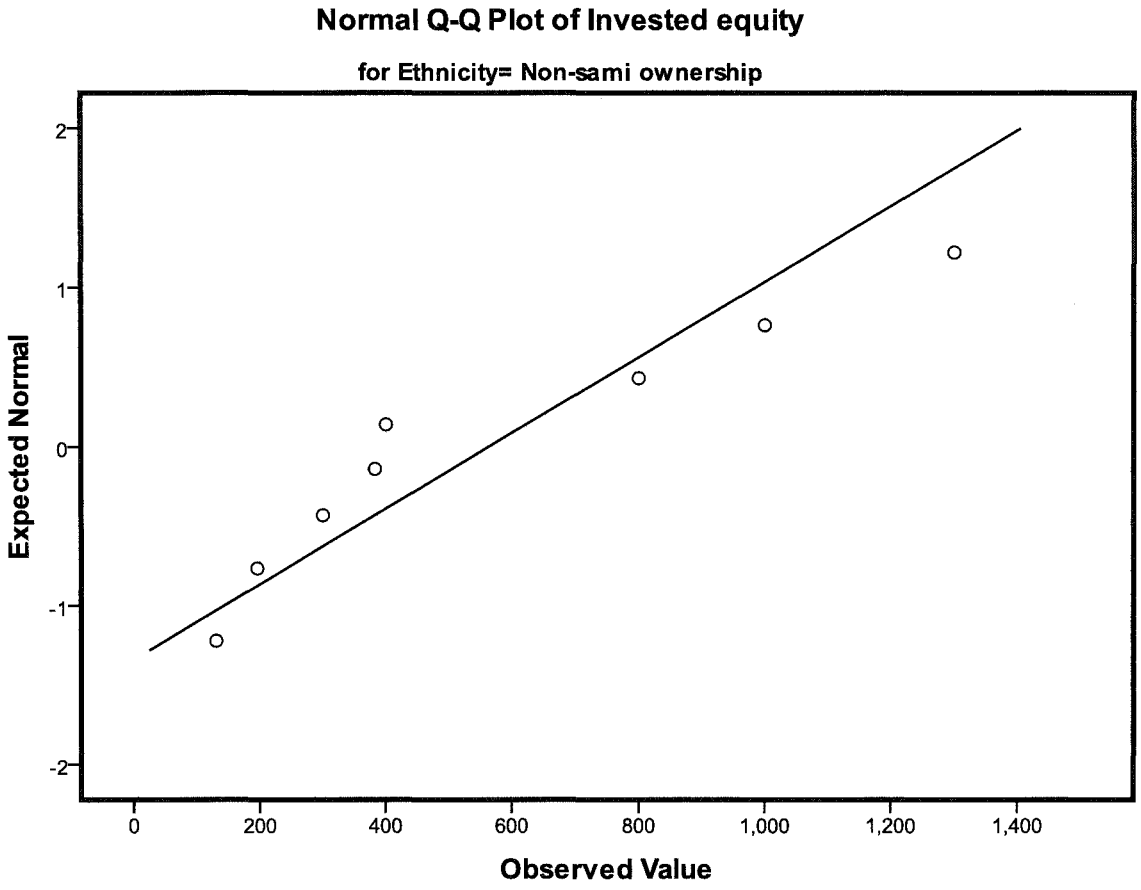
Tests of Normality

	Ethinicity of owner	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
Invested equity	Sámi ownership	.225	6	.200*	.827	6	.101
	Non-Sámi ownership	.276	8	.073	.890	8	.234

a. Lilliefors Significance Correction

*. This is a lower bound of the true significance.




Normal Q-Q Plot of Invested equity
for Ethnicity= Non-sami ownership
Expected Normal
2
1
0
-1
-2
0
200
400
600
800
1,000
1,200
1,400
Observed Value

Appendix 8 Correlation tables for non-correlating variables

Non-correlating table 1: Correlations between Value increase and market orientation (layer: Sámi owned)

			Company's 3 years value increase	Geographical market orientation
Spearman's rho	Company's 3 years value increase	Correlation Coefficient	**1.000**	**.146**
		Sig. (2-tailed)	.	**.576**
		N	**17**	**17**
	Geographical market orientation	Correlation Coefficient	**.146**	**1.000**
		Sig. (2-tailed)	**.576**	.
		N	**17**	**17**

Non-correlating table 2: Correlations between invested equity and company value incr. (layer: all)

			Company's 3 years value increase	Invested equity
Spearman's rho	Company's 3 years value increase	Correlation Coefficient	**1.000**	**-.208**
		Sig. (2-tailed)	.	**.245**
		N	**33**	**33**
	Invested equity	Correlation Coefficient	**-.208**	**1.000**
		Sig. (2-tailed)	**.245**	.
		N	**33**	**33**

Non-correlating table 3: Correl. between invested equity and company value incr. (layer: Sámi owned)

			Company's 3 years value increase	Invested equity

Spearman's rho	Company's 3 years value increase	Correlation Coefficient	1.000	-.098
		Sig. (2-tailed)	.	.710
		N	17	17
	Invested equity	Correlation Coefficient	-.098	1.000
		Sig. (2-tailed)	.710	.
		N	17	17

Non-correlating table 4: Correl. between invested equity and company value incr. (layer: Norw. owned)

			Company's 3 years value increase	Invested equity
Spearman's rho	Company's 3 years value increase	Correlation Coefficient	1.000	-.394
		Sig. (2-tailed)	.	.131
		N	16	16
	Invested equity	Correlation Coefficient	-.394	1.000
		Sig. (2-tailed)	.131	.
		N	16	16

Non-correlating table 5: Correl. between invested equity and growth (layer: 6 norw. Owned companies with invested equity above 101)

		Company's 3 years value increase	Invested equity
Company's 3 years value increase	Pearson Correlation	1	-.042
	Sig. (2-tailed)		.920
	N	8	8
Invested equity	Pearson Correlation	-.042	1
	Sig. (2-tailed)	.920	
	N	8	8

Non-correlating table 6: Correl. between number of owners and company value increase (layer: all)

			Company's 3 years value increase	Number of owners
Spearman's rho	Company's 3 years value increase	Correlation Coefficient	**1.000**	**-.178**
		Sig. (2-tailed)	.	**.322**
		N	**33**	**33**
	Number of owners	Correlation Coefficient	**-.178**	**1.000**
		Sig. (2-tailed)	**.322**	.
		N	**33**	**33**

Non-correlating table 7: Correl. between number of owners and company value increase (layer: Sámi)

			Company's 3 years value increase	Number of owners
Spearman's rho	Company's 3 years value increase	Correlation Coefficient	**1.000**	**-.133**
		Sig. (2-tailed)	.	**.610**
		N	**17**	**17**
	Number of owners	Correlation Coefficient	**-.133**	**1.000**
		Sig. (2-tailed)	**.610**	.
		N	**17**	**17**

Non-correlating table 8: Correl. between number of owners and company value increase (layer: Norw.)

			Company's 3 years value increase	Number of owners

Spearman's rho	Company's 3 years value increase	Correlation Coefficient	1.000	-.221
		Sig. (2-tailed)	.	.411
		N	16	16
	Number of owners	Correlation Coefficient	-.221	1.000
		Sig. (2-tailed)	.411	.
		N	16	16

Non-correlating table 9: Correl. between network of CEO and company value increase (layer: all)

			Company's 3 years value increase	CEO: Number of connections
Spearman's rho	Company's 3 years value increase	Correlation Coefficient	1.000	-.259
		Sig. (2-tailed)	.	.146
		N	33	33
	CEO: Number of connections	Correlation Coefficient	-.259	1.000
		Sig. (2-tailed)	.146	.
		N	33	33

Non-correlating table 10: Correl. between network of CEO and company value increase (layer: Sámi)

			Company's 3 years value increase	CEO: Number of connections
Spearman's rho	Company's 3 years value increase	Correlation Coefficient	1.000	-.050
		Sig. (2-tailed)	.	.850
		N	17	17
	CEO: Number of connections	Correlation Coefficient	-.050	1.000
		Sig. (2-tailed)	.850	.

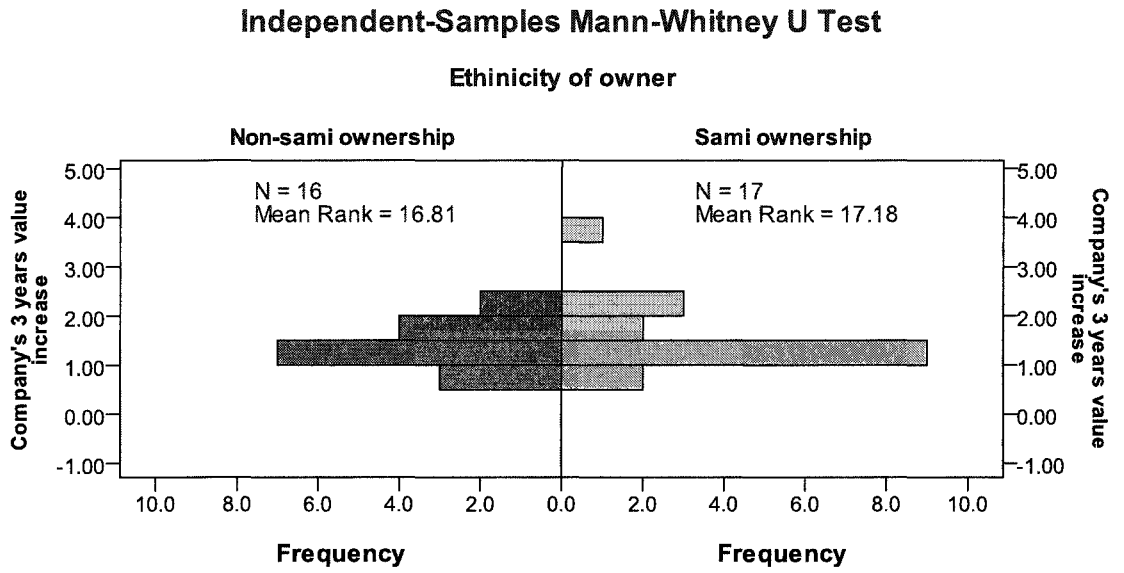
Non-correlating table 10: Correl. between network of CEO and company value increase (layer: Sámi)

			Company's 3 years value increase	CEO: Number of connections
Spearman's rho	Company's 3 years value increase	Correlation Coefficient	**1.000**	**-.050**
		Sig. (2-tailed)	.	**.850**
		N	**17**	**17**
	CEO: Number of connections	Correlation Coefficient	**-.050**	**1.000**
		Sig. (2-tailed)	**.850**	.
		N	**17**	**17**

Non-correlating table 11: Correl. between network of CEO and company value increase (layer: Norw.)

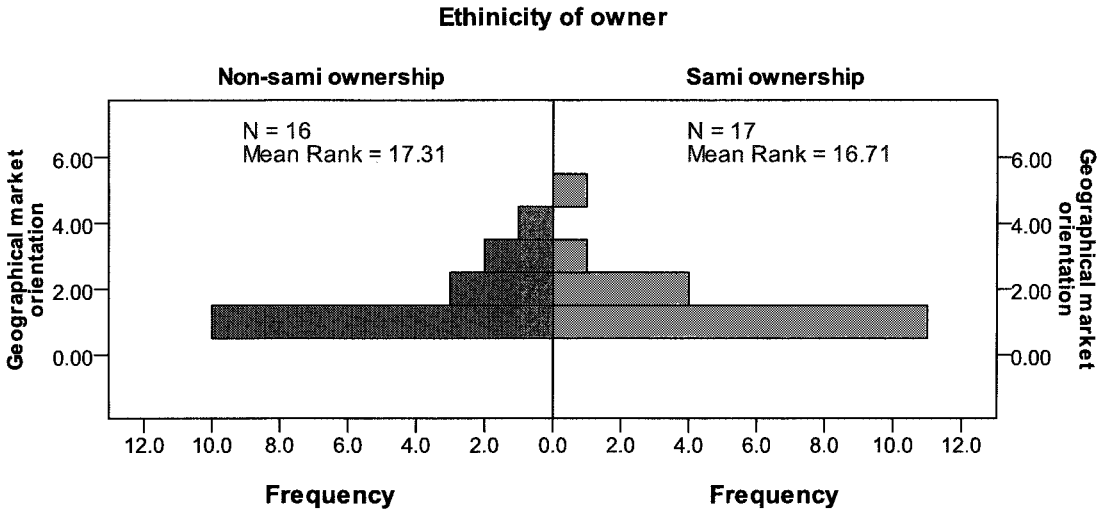
			Company's 3 years value increase	CEO: Number of connections
Spearman's rho	Company's 3 years value increase	Correlation Coefficient	**1.000**	**-.417**
		Sig. (2-tailed)	.	**.108**
		N	**16**	**16**
	CEO: Number of connections	Correlation Coefficient	**-.417**	**1.000**
		Sig. (2-tailed)	**.108**	.
		N	**16**	**16**

Appendix 9 Hypothesis ~~thesis~~ testing graphics



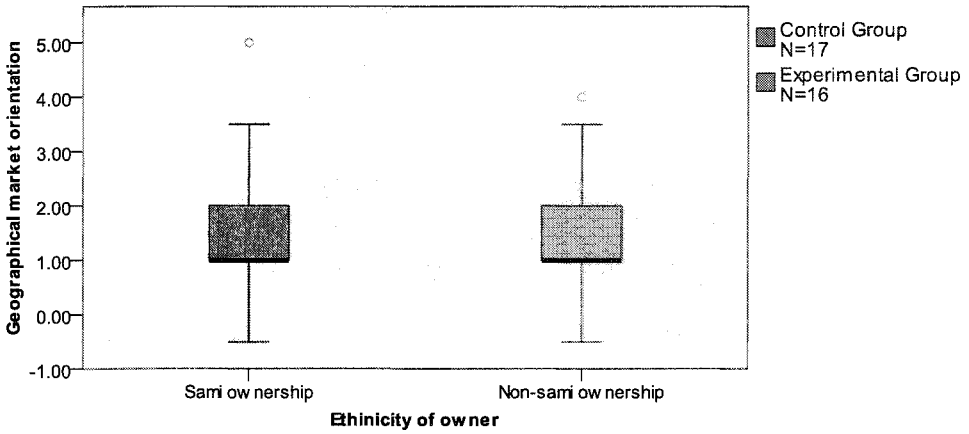
Total N	33
Mann-Whitney U	133.000
Wilcoxon W	269.000
Test Statistic	133.000
Standard Error	27.761
Standardized Test Statistic	-.108
Asymptotic Sig. (2-sided test)	.914
Exact Sig. (2-sided test)	.929

Independent-Samples Mann-Whitney U Test



Total N	33
Mann-Whitney U	141.000
Wilcoxon W	277.000
Test Statistic	141.000
Standard Error	23.761
Standardized Test Statistic	.210
Asymptotic Sig. (2-sided test)	.833
Exact Sig. (2-sided test)	.873

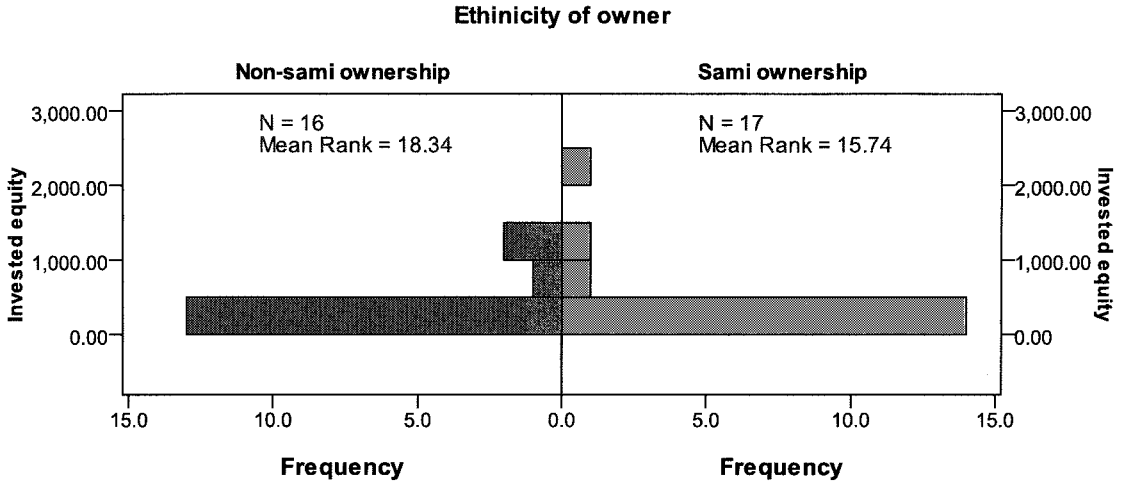
Independent-Samples Moses Test of Extreme Reaction



Total N		33
Observed Control Group	**Test Statistic[1]**	23.000
	Exact Sig. (1-sided test)	.001
Trimmed Control Group	**Test Statistic[1]**	20.000
	Exact Sig. (1-sided test)	.004
Outliers Trimmed from each End		1.000

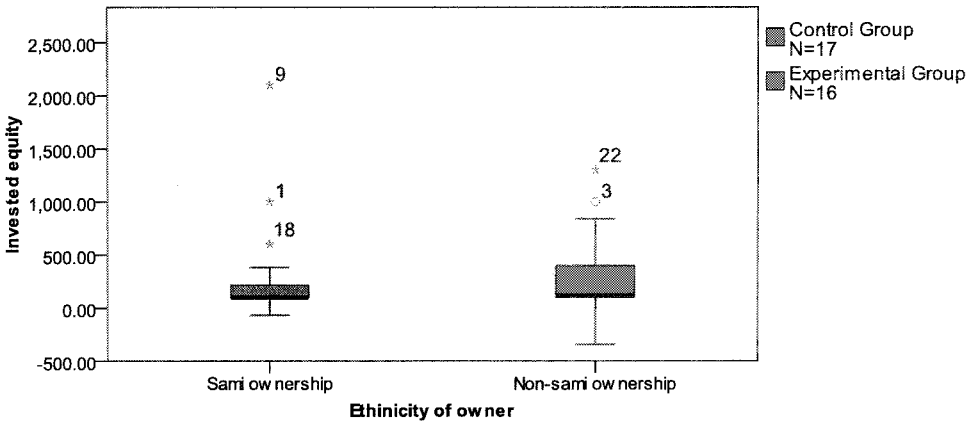
[1] The test statistic is the span.

Independent-Samples Mann-Whitney U Test



Total N	33
Mann-Whitney U	157.500
Wilcoxon W	293.500
Test Statistic	157.500
Standard Error	24.974
Standardized Test Statistic	.861
Asymptotic Sig. (2-sided test)	.389
Exact Sig. (2-sided test)	.444

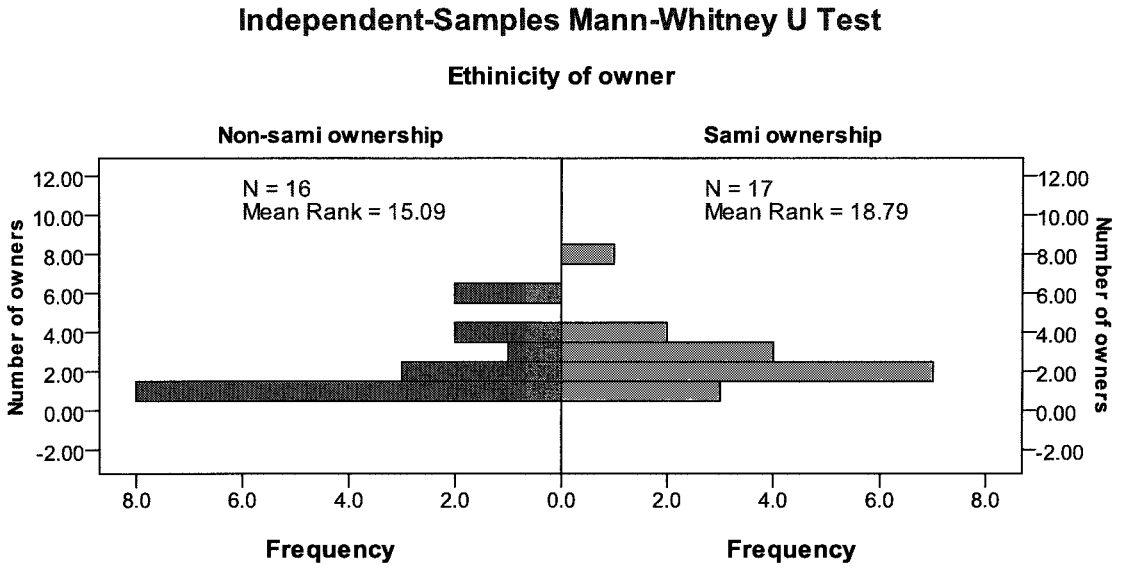
Independent-Samples Moses Test of Extreme Reaction



Total N		33
Observed Control Group	**Test Statistic**[1]	24.000
	Exact Sig. (1-sided test)	.002
Trimmed Control Group	**Test Statistic**[1]	22.000
	Exact Sig. (1-sided test)	.025
Outliers Trimmed from each End		1.000

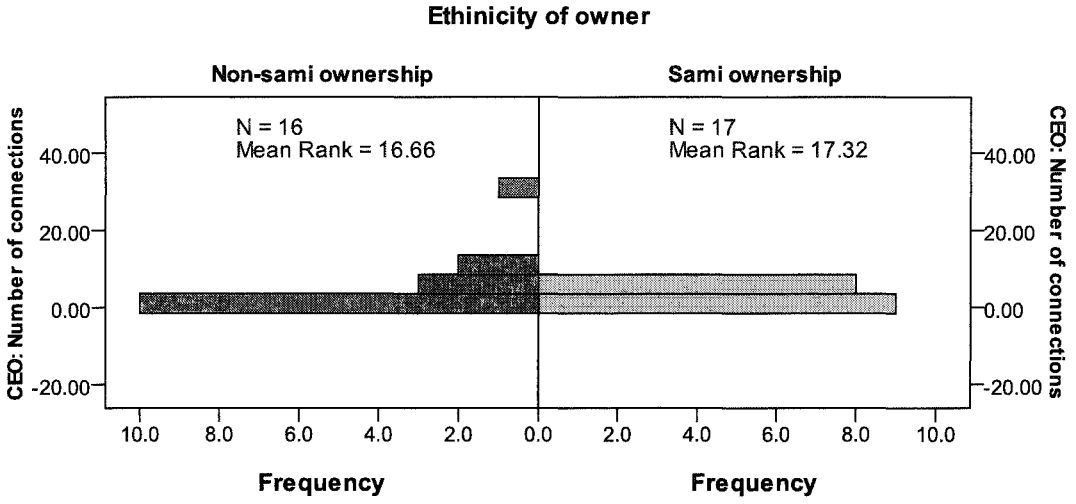
[1] The test statistic is the span.

APPENDIX 6:



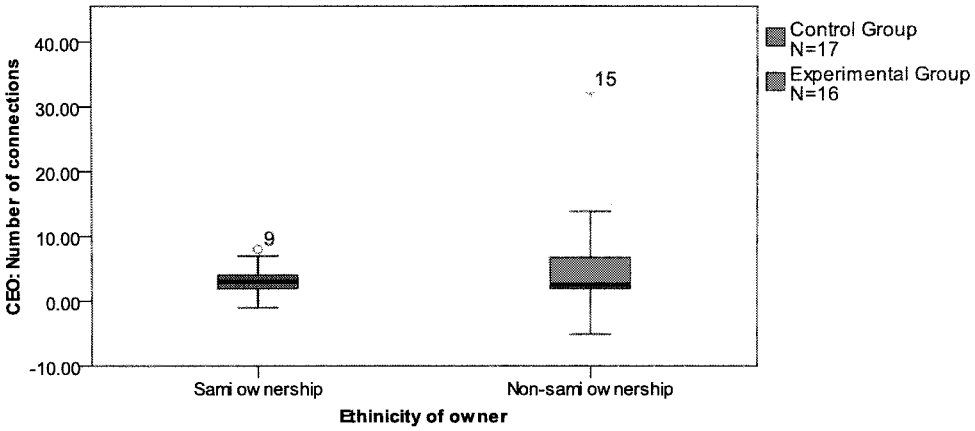
Total N	33
Mann-Whitney U	105.500
Wilcoxon W	241.500
Test Statistic	105.500
Standard Error	26.779
Standardized Test Statistic	-1.139
Asymptotic Sig. (2-sided test)	.255
Exact Sig. (2-sided test)	.276

Independent-Samples Mann-Whitney U Test



Total N	33
Mann-Whitney U	130.500
Wilcoxon W	266.500
Test Statistic	130.500
Standard Error	27.111
Standardized Test Statistic	-.203
Asymptotic Sig. (2-sided test)	.839
Exact Sig. (2-sided test)	.845

Independent-Samples Moses Test of Extreme Reaction



Total N		33
Observed Control Group	**Test Statistic[1]**	29.000
	Exact Sig. (1-sided test)	.149
Trimmed Control Group	**Test Statistic[1]**	20.000
	Exact Sig. (1-sided test)	.004
Outliers Trimmed from each End		1.000

[1] The test statistic is the span.