Concepts of Entrepreneurship

BACKGROUND

The rewards of profit , independence , locus of control and a satisfying way of life attracts individuals to entrepreneurial careers.

- What problems might be anticipated if an entrepreneur were to become obsessed with one of these rewards , that is, feel an excessive desire for profit or independence or control or a particular lifestyle ?

- If personal characteristics or personality traits do not predict entrepreneurial behaviour , why are they significant to the study of entrepreneurship ?

CHANGE MASTERS and their MINDSETS

Change is inevitable. When we encounter change in our lives we may see it either a threat or an opportunity. Since change won't go away entrepreneurs adapt to the paradigm shifts , search for and initiate new opportunities to serve the changing world.

This change in mindset is the essence of the entrepreneur or the change master.

What is an **entrepreneur?**

" Entrepreneurs see what others do not and are able to seize opportunities and grow higher potential ventures."

" A person who develops a product or service into a moneymaking proposition."

These are the formal definitions of an entrepreneur. More informal definitions include:

" Entrepreneurs are born not made."

"Entrepreneurs are young and energetic."

EMERGING OPPORTUNITIES

Opportunities are everywhere; or rather good ideas are everywhere with the potential of becoming an opportunity in the hands of an entrepreneur. You need to see past your paradigms and make the most of any ideas which may arise.

The following are examples of people who were unable to do this.

Note that these people are experts in their field but could not see the value of the new opportunity.

> " I think there is a world market for about five computers."
> Thomas J Watson , Chairman of IBM , 1943.

> " It is an idle dream to imagine that … automobiles will take the place of railways in the long distance movement of… passengers."
> American Road Congress , 1913.

> " The phonograph… is not of any commercial value."
> Thomas Edison remarking on his own invention to his assistant Sam Insull, 1880

And then we have people who are not experts in their field, but saw an opportunity, grabbed it and made something of it.

- The **pnuematic tyre** was invented by a veterinarian (John Dunlop)
- The **modern vacuum cleaner** was invented by a bridgebuilder (Hubert Booth)
- The first practical **submarine** was invented in New York by an Irish school-master.

INTRAPRENEURS

Intrapreneurs , or “intra-corporate entrepreneurs “ are internal entrepreneurs. They create the entrepreneurial spirit in a large organisation.

Intrapreneurs differ slightly in their attitudes and behaviours from entrepreneurs in that they :

- Work in teams – rarely operate alone;
- Do not take the risks entrepreneurs take – all financial risks are carried by the organisation;
- Have rules , policies and other constraints imposed by the organisation;
- Have bosses or superiors to whom they report;
- Do not receive financial gain but career advancement.

IMPLEMENTATION of CHANGE

Entrepreneurs see change as healthy and normal. They grasp the change, examine its various possibilities, adapt it to suit their own situation and make it work for them.

They either :

(1) employ highly creative individuals; or

(2) develop a culture that supports and encourages every employee's creative potential.

Although the first alternative sounds 'the ideal' solution we are ignoring the fact that highly creative people are extremely scarce.

Entrepreneurs take the following steps to encourage innovation and change:

- create and sustain an environment which values performance;
- develop arrangements which stimulate creativity :
- invest in skill formation to ensure that employees are exposed to new ideas;
- instigate an incentive scheme for new ideas which are actually implemented;
- look for good ideas and highlight them;
- hold regular team based brainstorming sessions for creative input.

Studies have shown that successful entrepreneurs share common attitudes and behaviours.

The following list of strengths have been adapted from Professor Jeffry Timmon's research into common attitudes and behaviours of successful entrepreneurs. It is important to note that there are many attitudes and behaviours characteristic of the entrepreneurial mind and no one set

Strengths	Attitude or Behaviour
Commitment and Determination	Tenacity and decisiveness Discipline Persistence in solving problems Willingness to undertake personal sacrifice Total immersion
Opportunity Obsession	Having intimate knowledge of customers' needs Market-driven Obsessed with value creation and enhancement
Tolerance of Risk, Ambiguity, and Uncertainty	Calculated risk taker Risk minimiser Risk sharer Tolerance of uncertainty and lack of structure Tolerance of stress and conflict Ability to resolve problems & integrate solutions
Creativity of Risk, And Ability to Adapt	Non conventional , open-minded , lateral thinker Restlessness with status quo Ability to adapt Ability to learn Lack of fear of failure Ability to conceptualise and work with details
Motivation to Excel	Goal and results orientation Drive to achieve and grow Low need for status and power Interpersonally supporting Aware of weaknesses and strengths Having perspective and sense of humour
Leadership	Self starter Internal locus of control Integrity and reliability Patience Team builder Experience

KEY SUCCESS TRAITS

What makes for success instead of failure? Most successful business people are high achievers. They burn with the desire to excel. In a landmark study David McClelland of Harvard University found that high achievers are likely to do well if they are also reasonable risk takers, hardworkers, goal setters, achievement orientated, and innovative.[1]

Reasonable Risk Taking
Successful small business people take moderate risks. They tend to enjoy activities with risks that are too great or to small. Like mountain climbers ,they test themselves against a terrain that matches yet stretches their knowledge and experience. Thus, people most likely to have a strong desire to create their own business are people that will go out on a limb , but not too far.

Hardwork
Few people in our society work as hard and as long as do small business people. Many log more than 60 hours a week at their business , especially during the first few years. Only when the business is firmly rooted in the marketplace do they taper off. Even then, however , small business people tend to be compulsive workers, especially if a crises flares up. Mentally , they are rarely away from the office.

Goal Setting
Psychologists often define happiness as the striving toward meaningful goals, not necessarily the achievement of those goals. This definition of happiness fits many small business people. Happiest when they have goals to aim for, they rarely feel that they have arrived. Indeed,merely choosing a new and meaningful goal is self-renewing to many Planning and carrying out the steps needed to reach the goal are stimulating. The result is often the opening of a door that leads to still another goal.

Achievement Orientation
Closely linked to goal setting is measuring the achievement of those goals. To measure their performance, small business people may use any One of several yardsticks , among them the rate of profit growth.

[1] McClelland , David, C, *The Achieving Society* (Princeton, NJ. Van Nostrand , 1961) see also Cromie , Stanley 'Motivations of Aspiring Male and Female Entrepreneurs ' *Journal of Occupational Behaviour* Vol 8 (1987) 251-261

Innovation .
A final success trait of most entrepreneurs is the ability to innovate. Many a small business succeeds because its owner saw a need to do something no one else was doing- or to at least to do something better- and was able to act quickly on the observations. A large business like general motors may take days , weeks or months to make the simplest of decisions. But an individual entrepreneur can make the decision instantly.

PARADIGMS

As paradigms shift entrepreneurs challenge their attitudes and assumptions about how they perceive things.

Paradigms are:

The way we perceive , think , value and do things.

Organisational paradigms are changing;

These changes are happening at an alarming rate. Although frightening it provides entrepreneurs with challenges and opportunities.

A paradigm shift requires them to re-evaluate both the familiar and unfamiliar so they can be viewed in a new perspective.

MENTAL MODELS

When we choose to see the world in this new way, we are changing our mental models- the way we interpret and make sense of the world.
Experts have suggested a number of ways of getting managers to change their mental models ranging from changing the way managers see their tasks to "unlearning" their current inappropriate logics
.
Entrepreneurs think differently,as a result of seeing things differently , and they are often labelled risk takers when in their mind set they are risk managers.

A great deal of literature is devoted to extolling the rewards, successes , and achievements of entrepreneurs. The following case studies will highlight the arguments and significance of personal characteristics and personality traits.