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**LA THÈSE A ÉTÉ
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The Entrepreneur: Decision for Self-Employment

Judith M. Green

A Thesis

in

The Department

of

Sociology and Anthropology

Presented in Partial Fulfillment of the Requirements
for the degree of Master of Arts at
Concordia University
Montreal, Quebec, Canada

April 1986

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ABSTRACT

The Entrepreneur: Decision for Self-Employment

Judith M. Green

A group of thirty entrepreneurs, who had left established businesses to start their own companies and a group of thirty corporate managers who had articulated some interest in self-employment were surveyed with a questionnaire.

This questionnaire was designed to elicit information on the characteristics and skills essential to entrepreneurial success. The results did, in fact, show both similarities and differences in perception of the entrepreneurial role between the groups.

An examination was also made of the factors which are important to the decision to leave an established firm for the uncertainty of self-employment. Relevant factors and issues were identified.

Scales were developed using the semantic differential technique. They were designed to examine the concept "Perception of the Entrepreneur." Statistical analysis of these scales produced some significant differences in the way this concept is viewed by the two surveyed groups.

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Preface

The decision to focus on the entrepreneur, as the subject of my thesis, developed from a convergence of several major factors. I have had a long term interest in the entrepreneur - his personality, characteristics and abilities. My interest also extends to factors which influence the initial decision to start a business.

Members of my family have very successfully launched and established their own business ventures during economic periods that made these very "gutsy" decisions. I have also observed with great interest and admiration the successful development of three businesses begun by friends who chose to leave the safety of big business to start on their own.

My studies in organizational and industrial sociology, both at Concordia and McGill gave direction and focus to this interest.

Yet, when I began my research in 1980, the concept of the entrepreneur appeared to be of little more than historical interest to academics in both the business and sociology faculties. The entrepreneur as a current, important and relevant force in business was just not an issue.

Little did I know that by the time my research was underway the entrepreneur would have been pushed into such a prominent and popular position.

Today the buzzword in popular and business literature is entrepreneur or intrepeneur (corporate entrepreneur). Pick up any business publication and, almost without exception, you will find at least one article on the entrepreneur. For example, Canadian Business now has a regular monthly feature 'Small Business' which provides advice for the business owner. There are also several new publications specifically for the entrepreneur such as 'Venture', 'Inc.' and 'Entrepreneur'.

Academic literature also reflects this trend. According to Jeffrey Timmons of Babson College, "studying entrepreneurship was a closet activity for ten years. But in the last two years there has been an incredible change. Business professors are now interested in what makes entrepreneurs tick."¹ I am also interested in what makes entrepreneurs tick and in how they make the decision to start a business venture.

Without exception, subjects participating in this study, were enthusiastic about the project and often contributed more information than was requested. This willingness to help me with the project was even extended to suggestions for the research itself. The innovator is never at rest! This attitude made doing the interview both challenging and very interesting and I stand very much in debt to my subjects.

¹ Quoted in Kevin Farrell, "Why B-Schools Embrace Entrepreneurs", Venture Magazine, February 1984, p.62.

For his extraordinary patience, and for his invaluable advice and assistance, I am particularly indebted to my faculty advisor, Dr. Joe Smucker.

I should also like to acknowledge the endurance and unflinching support of my husband Jim, who always believed that I should and could complete this project. My daughter Sarah's support and "words of wisdom" were also very important to me. For May's sacrifice and stories of the family's early entrepreneurial endeavours, which have always inspired me, I am most grateful. This paper is for her.

April, 1986

Judith M. Green

1

INTRODUCTION

It's okay now, academically speaking,
to be into entrepreneurship.

John Kao
Harvard University

Sources of information on the entrepreneur are varied. Economic History, contemporary studies and popular literature from many disciplines such as business, sociology and psychology all contribute to a rapidly expanding knowledge base; yet a true understanding of entrepreneurial talent eludes us. Business school professors charged with teaching the future entrepreneurs so necessary to the survival and success of today's corporations, allude to innate characteristics which cannot be taught. Therefore we must ask, in addition to the classic defining characteristics of risk taking and innovation, what other traits is this key figure in our economic life likely to possess?

This paper is based on the findings of a survey of entrepreneurs who had left large organisations to begin their own businesses. A comparative group of corporate managers who had expressed interest in the possibility of undertaking an entrepreneurial venture was also surveyed. The group of entrepreneurs was chosen because it provided accessible and easily identified subjects with similar levels of management skills who were willing to give up the comfort of stable employment for the risk and uncer-

tainty of running their own businesses. By limiting the entrepreneurial group in this way, it was hoped to explore the process by which a decision for self employment is made as well as the entrepreneurial characteristics for a particular group of entrepreneurs. Factors to be examined include education, family history, support systems, the propensity to take risk and to innovate.

A number of these factors were also examined within the group of corporate managers. The objective was to identify any potential differences in the way the entrepreneur is perceived by members of these two groups.

Much of what we currently know about the entrepreneur and how he is defined has been established through the early observation and writings of economic historians. In the main, this reflects an historical perspective of society's empire builders and how they were seen to respond to the economic and social realities of their time.

Chapter one of this study develops the historical perspective from which emerge the essential elements of risk taking and innovation which are, to this day, considered to be the primary defining characteristics of the entrepreneur.

An examination of the contemporary entrepreneurial studies and research in Chapter two again emphasizes the continued importance of these two factors. However, it

is also interesting to note that studies in social science and business also identify additional issues such as education levels, the need to achieve and job dissatisfaction which increase our understanding and suggest further avenues of exploration.

The economic and the social realities of the early 1980's have generated a significant upsurge of popular interest in the entrepreneur. The failure of many large bureaucratic, traditionally structured and managed organizations during the recent recessionary period has focussed interest on the reasons for the success of smaller, less complicated and more responsive organizations.

Capturing, developing and channelling entrepreneurial talent is now considered to be a significant determinant of the ability of an organization to be successful.

Chapter three of this study expands upon the many reasons for this renewed interest in the entrepreneur. It explores the pressures now being forced on business schools to produce graduates capable of understanding and functioning effectively within a small business environment. Perhaps more importantly the schools seem to have accepted the responsibility of developing the much needed entrepreneurial talent for the future.

What is now being grappled with is the means by which entrepreneurs can be developed - a challenging undertaking

when so little is known about the factors which make an individual an entrepreneur.

This study is exploratory in nature and the questionnaires used were developed to examine a wide range of factors which current research has identified as being important. The actual decision making process one goes through when starting a business was also examined.

CHAPTER ONETHE HISTORY OF THE ENTREPRENEURIAL ROLE

... In the broad expanse of time the entrepreneur has worn many faces and played many roles.¹

The elusive and perhaps innate characteristics of risk taking and innovation which separate the entrepreneur from other men and women have a long history and have figured with varying emphasis in the writings of economists from the mid 1700's onwards. Economists have understood that the history of economics is, in fact, the history of the entrepreneur. According to A. H. Cole, "To study the entrepreneur is to study...the central figure in economics."²

Robert F. Hebert and Albert N. Link, in their book, The Entrepreneur, lead us through the development of the concept of entrepreneur in economic theory. They provide a concise historical record beginning with the work of Richard Cantillon. It is in the writings of this eighteenth century businessman and financier that we first see the term entrepreneur used in a precise and analytical way.

To Cantillon the market system and the entrepreneur were inseparable. The market being "a self-regulating network of reciprocal exchange arrangements... (which) produced (equilibrium) prices...." These reciprocal arrangements "evolve over time in response to need and necessity." The system is driven by self interest and because profits

are essential to the concept of entrepreneur he will affect the market directly through self interest.³ Cantillon's prime concern was with the function of the entrepreneur not his personality and his writings show this. Hebert and Link explain:

Cantillon's theory suggests that an entrepreneur is someone who has the foresight and the willingness to assume risk and takes action requisite to making a profit (or loss). This self-interested (and daring) activity has important social consequences, insofar as it is the actions of entrepreneurs reacting to price movements (that is, profit opportunities) that continuously serve to bring about a (tentative) balance between supplies and demands in specific markets.⁴

It is important to understand that the entrepreneur's functions as a risk taker and as a force to bring equilibrium to the market originated with Cantillon. Put quite simply, "uncertainty is a pervasive fact of everyday life, and those who must deal with it continuously in their economic pursuits are entrepreneurs."⁵ Cantillon does not see his entrepreneur as innovative in the sense of creating needs or demands for specific goods. However, he is quick to identify existing needs and satisfy them before anyone else does. Cantillon's entrepreneur is a capitalist in the sense that he must, as a risk taker, be risking some loss of either his own or borrowed capital. The risk of buying at a known price and selling at an unknown price makes farmers, inn-keepers and tailors alike entrepreneurs. Beggars and robbers could also be "entrepreneurs of their

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own labor."⁶

The importance of Cantillon to the study of entrepreneurial history cannot be over-emphasised as "He not only provided the first formal statement of the entrepreneur's role and significance in a market economy but also developed one of the most enduring concepts of the entrepreneur."⁷ The work of subsequent theorists can be studied in relation to him.

One such theorist, Abbe Nicolas Baudeau (1730-1792) made a study of the French "farmer-entrepreneur" who, like Cantillon's entrepreneur, functions as a risk taker with profit as a motive. Baudeau, however, unlike Cantillon, emphasized the function of invention or innovation as a means of increasing profit. To this end, "knowledge and information" are essential as is "intelligence."⁸ Hebert and Link explain that:

Baudeau's theory of entrepreneurship presupposes that events impinging on economic activity tend to fall into two categories: those that are subject to human control and those that are not. To the extent that the entrepreneur confronts the former, his success will depend on his knowledge and ability; to the extent that he confronts the latter, he places himself at risk."⁹

Anne-Robert Jacques Turgot (1727-1781), a French government minister from 1774-1776, extended the notion of the entrepreneur as a key to the whole economy, not just to the farming sector, as Baudeau had expounded.

For Turgot, the entrepreneur was "a wealthy man who employed labor in a productive process either in agriculture or in manufacturing. Independent workmen and artisans were thereby excluded from this category."¹⁰ For Turgot, capitalist and entrepreneur were one and the same. The distinction was clearly made between the entrepreneur who worked for profit, and the worker who worked for wages.¹¹

It is fitting that the first professor of economics in Europe, Jean-Baptiste Say (1767-1832), should be the writer to develop the most complete theory of the entrepreneur. In his academic pursuits, Say drew on personal business experience gained from his spinning factory in Pas-de-Calais. His writing on entrepreneurship had a duality. First Say described what 19th century entrepreneurs did for specific industries located at various geographical locations. He then went on to develop a general theory of the entrepreneur by eliminating all findings which were accidental or too particular and leaving only those elements which can be considered typical.¹²

Before the profit-motivated entrepreneur can exist, however, Say maintained that an "incentive system" was necessary and in his view "This incentive system is provided by the structure of private property rights within a representative government."¹³ To be entrepreneurial, in Say's view:

requires a combination of moral qualities, that are not often found together. Judgement, perseverance, and a knowledge of the world, as well as of business. He is called upon to estimate, with tolerable accuracy, the importance of the specific product, the probable amount of the demand, and the means of its production: at one time he must employ a great number of hands; at another, buy or order the raw material, collect labourers, find consumers, and give at all times a rigid attention to order and economy; in a word, he must possess the art of superintendence and administration.¹⁴

Although written in 1845, Say introduces the contemporary notion of entrepreneurship as a superior type of skilled labor or manager. This was due, for the most part, to his separation of the capitalist or "lender of money" from the entrepreneur or "expert at supervision and administration," thus eliminating risk taking as a defining characteristic of the entrepreneur. Although both functions could be accomplished by the same person, it was not necessary that it be so.¹⁵ The result of this view is very significant, as Hebert and Link indicate, "Say consciously or unconsciously directed attention away from the uniqueness of the entrepreneurial role....¹⁶ Without the component of risk taking the entrepreneur was reduced to an administrator.

British classical writers such as Adam Smith, David Ricardo, Jeremy Bentham and John Stewart Mill did little to advance the understanding of the entrepreneur. However, German classical writers developed some very complete theories of the entrepreneur. One such theorist was J. H. Von Thunen (1783-1850), who clearly emphasized the

dual entrepreneurial functions of risk bearer and innovator. He began with the idea that entrepreneurial and managerial risk differ in that the risk which is borne by the entrepreneur produces a creative anxiety which leads to invention. In his words:

Necessity is the mother of invention and so the entrepreneur through his troubles will become an inventor and explorer in his field. So, as the invention of a new and useful machine rightly gets the surplus which its application provides in comparison with an older machine, and this surplus is the compensation for his invention, in the same way what the entrepreneur brings about by greater mental effort in comparison with the paid manager is compensation for his industry, diligence and ingenuity.¹⁷

For the most part, neo-classical economics (after 1870) became "increasingly abstract and mechanistic." With few exceptions, the entrepreneur was no longer considered unique or indispensable to the economic system. In fact:

...The new paradigm took ends as given, explained allocation of scarce resources to meet these given ends, and focused attention on equilibrium results rather than adjustment processes. It therefore left no room for entrepreneurial action; the entrepreneur became a mere automaton, a passive onlooker with no real scope for individual decision making.¹⁸

One key exception to this trend was found in the work of an American economist Frank Knight (1885-1972). Knight expanded and refined the importance of risk taking as expounded by Cantillon many years earlier. To Knight,

risk taking was the essence of the entrepreneur. In his view, it is the risk of uncertainty and the willingness of the entrepreneur to assume such a risk that distinguishes him from a manager. Knight also explained profit in terms of uncertainty which the entrepreneur is able to handle. In his words, "The only 'risk' which leads to (entrepreneurial) profit is a unique uncertainty resulting from an exercise of ultimate responsibility which in its very nature cannot be insured or capitalized nor salaried."¹⁹

The feeling one gets from these notions of risk taking is that there are some individuals who will take risks because they are not afraid to fail. This may be so, but Knight enlarges on this notion. There is much more involved than the ability to accept failure. The entrepreneur has an edge over the non-entrepreneur in this process. His good judgement in assessing margin of error is what sets him apart and also explains profit. In other words:

...entrepreneurial profit depends on whether an entrepreneur can make productive services yield more than the price fixed upon them by what other people think they can make them yield, its magnitude is therefore based on a margin of error in calculation by entrepreneurs and non-entrepreneurs who do not force the successful entrepreneur to pay as much for productive services as they could be forced to pay.²⁰

According to Hebert and Link, all theories up to

and including Knight's "share the common point of view that entrepreneurial activity is a response to some exogenous force exerted on the market system." The first truly radical departure from this overweening perspective was taken by an economist who etched his name in the annals of economics by declaring the entrepreneur to be an endogenous factor and something of a mischief maker to boot. That person was Schumpeter....." 21

In fact, Joseph A. Schumpeter is one of the most influential writers in entrepreneurial history. He, along with Professors Cochran, Cole and Jenks, comprised the senior group working at the Research Centre in Entrepreneurial History at Harvard. As Hebert and Link explain: "It is with Schumpeter that a more complete dynamic theory of the entrepreneur, as an innovator first developed."²² Schumpeter reacted against the neo-classical notion of economic equilibrium, which really has no place for the entrepreneur. His entrepreneur is introduced to disrupt the "self-perpetuating equilibrium."²³

Ronan MacDonald, in his comparison of Schumpeter and Weber, tells us that both had a view of a traditional and stable economic life which was at some point disrupted.

For Weber, the disruption was achieved in dramatic steps through the rise of a charismatic leader like Martin Luther. This is a critical issue for Weber. For, although he acknowledged that entrepreneurs of a sort had always

existed, he did not believe that their impact was of any consequence. Only with a powerful and countervailing geist like Calvinism could a prevailing zeitgeist such as Medieval Catholicism be overcome. The rational frugality which distinguished Calvinism and the entrepreneurs who emerged at that time was a result of Calvin's followers attempting to interpret and live by his teachings of predestination. Weber described this entrepreneur in the following way:

...as a rule, it has been neither dare-devil and unscrupulous speculators, economic adventurers such as we meet simply at all periods of economic history, nor simply great financiers who have carried through this change, outwardly so inconspicuous, but nevertheless so decisive for the penetration of economic life with the new spirit. On the contrary, they were men who had grown up in the hard school of life, calculating and daring at the same time, above all temperate and reliable, shrewd and completely devoted to their business, with strictly bourgeois opinions and principles. 24

Schumpeter, on the other hand, believed that business leaders were constantly emerging. This belief led him to propose a dynamic model. As MacDonald explains, for Schumpeter "capitalism proceeds gradually, yet by discontinuous steps, and each wave of improvement is succeeded by a period of relative quiet, a new position of equilibrium."²⁵ According to Schumpeter, the key to entrepreneurial success is innovation. Hebert and Link clarify this innovative process for us:

This innovation must consist of producing and marketing a new commodity; otherwise the innovation would represent a cost-reducing adaptation of knowledge, which leads only to a new supply schedule. Schumpeter pointed out quite clearly that this knowledge underlying the innovation need not be newly discovered - it may be existing knowledge that has never been utilized in production.²⁶

What is needed, in order to be innovative, according to Schumpeter, is more than just intelligence. There must be will, energy and the assumption of the role of leader. He asks "What have the individuals under consideration contributed to this? Only the will and the action."

As MacDonald explains "The 'unusually strong character' and the 'clarity of vision and ability to act' of Weber's innovator is matched by Schumpeter's emphasis on 'the capacity for making decisions' and the 'vision to evaluate forcefully.'"²⁷ While he emphasized innovation, Schumpeter eliminated risk taking as a defining characteristic of the entrepreneur. He made a clear distinction between entrepreneurs and capitalists. His view is based on the belief that very few enterprises are begun with an entrepreneur's own personal savings. He therefore must go to another source for capital and it is this person who bears the risk.²⁸ In his own words: "Risk obviously always falls on the owner of the means of production or of the money-capital which was paid for them, hence, never on the entrepreneur as such."²⁹

He goes on to explain, however, that entrepreneurs may end up in the capitalist class:

...if we look at individuals who at least at some juncture in their lives fill the entrepreneurial function it should be added that these individuals do not form a social class. They hail from all the corners of the social universe.However, all the men who actually do fulfil entrepreneurial functions have certain interests in common and, very much more important than this, they acquire capitalist positions in case of success.³⁰

It is on this issue of not including risk taking as an essential characteristic of entrepreneur that Schumpeter receives the most criticism for, as Hebert and Link point out, "genuinely innovative decisions must certainly be shrouded with uncertainty, and pure entrepreneurial gain would only exist if the entrepreneur's decisions are successful in situations of uncertainty."³¹

Both Weber and Schumpeter reject the notion that hedonism is the "underlying motive of entrepreneurial action and capital accumulation."³² For Weber, the essence of the entrepreneur is the idea of duty as a calling which he believed to be "one of the most characteristic elements of our capitalistic culture."³³

Weber describes the ideal type of capitalistic entrepreneur in the following way:

He avoids ostentation and unnecessary expenditure, as well as conscious enjoyment of his power, and is embarrassed by the outward signs of the social recognition which he receives. His manner of life is, in other words, often... distinguished by a certain ascetic tendency. ...He gets nothing out of his wealth for himself, except the irrational sense of having done his job well.³⁴

For Schumpeter, on the other hand, motives of an entrepreneur include "the dream and the will to found a private kingdom", "the will to conquer" and "the joy of creating."³⁵

Arthur H. Cole, a past Executive Director (1948-1949) of the now defunct Research Center, claims that the intellectual roots of the Center stem from Schumpeter's work. As a part of its mandate the Center, which existed until the 1957-58 academic year, broadened the base upon which entrepreneurial history was to develop further. Although economists and economic historians would still be prime contributors to the understanding of the entrepreneur, it was believed to be essential to have "advice, data and conceptual apparatus from social and political history, from sociology, applied anthropology, social psychology, political science, law, business administration and even sometimes medicine and religious history."³⁶

Cole's own theories are built on this base. He acknowledges and discusses the importance of social and psychological factors. He explains that one view of the entre-

preneur centers around:

...the psychological aspect - where ultimately the conditioning of men by social forces (and institutions) is particularly relevant. Here we can be content merely to note the obvious elements: the "restless energy" of businessmen, their alertness to opportunities and the like... From the first merchants, successful businessmen have been characterized by at least some measure of adventure - which economists include in their concept of "risk taking."³⁷

About risk bearing itself he says:

...businessmen are typically active, "restless", ambitious. The bearing of risks is to them merely incidental to the accomplishment of some purpose....³⁸

In examining Schumpeter's notion that innovation was the defining characteristic of the entrepreneur, Cole came to the conclusion that this was much too limiting a concept. That there were not only different types of innovators but different types of entrepreneurs, some not at all involved with the actual process of technical innovation. This is clear when we examine Cole's definition of entrepreneurship which is most comprehensive:

Entrepreneurship may be defined as the purposeful activity (including an integrated sequence of decisions) of an individual or group of associated individuals, undertaken to initiate, maintain or aggrandize a profit-oriented business unit for the production or distribution of economic goods and services with pecuniary or other advantage the goal or measure of success, in interaction with (or within the conditions established by)

the internal situation of the unit itself, or with the economic, political and social circumstances (institutions and practices) of a period which allows an appreciable measure of freedom of decision.³⁹

Traditional and classical theorists have built their theories of entrepreneurship one upon the other. The issues of innovation and risk taking appear to be the prime concern for these writers.

The challenge then, is to make this information meaningful and relevant to the study of present day entrepreneurs.

FOOTNOTES - CHAPTER ONE

¹ Robert F. Hebert and Albert N. Link, The Entrepreneur Mainstream Views and Radical Critiques, (New York: Praeger Publishers, 1982) p.107

² Ibid., p.7.

³ Ibid., p.16.

⁴ Ibid., p.17.

⁵ Ibid., p.21.

⁶ Ibid., p.28.

⁷ Ibid., p.21.

⁸ Ibid., p.26.

⁹ Ibid., p.27.

¹⁰ Ibid., p.28.

¹¹ Ibid., p.28-29.

¹² Ibid., p.31.

¹³ Ibid.

¹⁴ Ibid., p.32.

¹⁵ Ibid., p.33.

¹⁶ Ibid., p.35.

¹⁷ Ibid., p.46.

¹⁸ Ibid., p.52.

¹⁹ Ibid., p.71.

²⁰ Ibid.

²¹ Ibid., p.72.

²² Ibid., p.74.

²³ Ibid., p.77.

²⁴ Max Weber, The Protestant Ethic and the Spirit of Capitalism, (New York: Charles Scribner's Sons, 1958) p. 69.

25 Ronan MacDonald, "Schumpeter and Max Weber: Central Visions and Social Theories", in Entrepreneurship and Economic Development, ed. by Peter Kilby (New York: The Free Press, 1971) p.76.

26 Hebert and Link, Entrepreneur, pp. 78-79.

27 MacDonald, "Schumpeter", p.78.

28 Joseph A. Schumpeter, "Economic Theory and Entrepreneurial History", in Change and the Entrepreneur: Postulates and Patterns for Entrepreneurial History (Cambridge, Mass.: Harvard University Press, 1949) p.77.

29 Hebert and Link, Entrepreneur, p.81.

30 Schumpeter, "Entrepreneurial History", p.81.

31 Hebert and Link, Entrepreneur, p.84.

32 MacDonald, "Schumpeter", p.78.

33 Weber, Protestant Ethic, p.78.

34 Ibid., p.71.

35 MacDonald, "Schumpeter", p.79.

36 Change and the Entrepreneur: Postulates and Patterns for Entrepreneurial History, (Cambridge, Mass.: Harvard University Press, 1949) p.vii.

37 Arthur H. Cole, "Entrepreneurship and Entrepreneurial History: The Institutional Setting", in Change and the Entrepreneur: Postulates and Patterns for Entrepreneurial History, (Cambridge, Mass.: Harvard University Press, 1949) p.89.

38 Ibid., p.107.

39 Ibid., p.88.

CHAPTER TWOContemporary Studies of the Entrepreneur

In an attempt to identify relevant contemporary studies, access was obtained to two large data banks, one which lists North American business topics and the other was Dissertation Abstracts International. A wide range of index titles were searched including entrepreneurial type, Cantillon, venture, innovation, risk taking, achievement, motivation, entrepreneurial personality and education. Relevant studies were not as numerous as the wealth of popular literature would lead one to assume. However, it was possible to identify and locate studies which set a framework for issues related to the decision for self employment and entrepreneurial characteristics.

Robert H. Brockhaus examined the relationship between job dissatisfaction and the decision to become self employed. This "push" theory is a common theme in entrepreneurial literature. His study examined and compared the job satisfaction levels for three groups of subjects. A group of entrepreneurs who had started a business within the previous three months, a group of managers who had changed jobs with their company and a group of managers who had left their company for another organisation were all asked to complete a job description index. This index is used to measure degree of job satisfaction. By using these particular groups, Brockhaus was able to examine whether the

groups manifested job dissatisfactions of different levels of intensity and whether or not different aspects of their work were responsible for job dissatisfaction.

When comparisons were done on various measures of satisfaction, it was found that the differences between the entrepreneurs and the two groups of managers were not statistically significant. In this study, job dissatisfaction is not a guarantee that a new business will be started, only that some changes will likely be made.

Even though he is unable to demonstrate which managers will become entrepreneurs, Brockhaus believes that his study supports much that is written about the likelihood of a new business being started because the founders were pushed away from, or were escaping an unacceptable business environment. His findings were as follows:

The fact that 59 per cent of the entrepreneurs had the desire to start a business before they had a product or service idea, compared to 15 per cent who had the idea first, supports the concept of the entrepreneur being pushed from his previous place of employment rather than being "pulled" into an extremely appealing business opportunity.¹

It is expected that entrepreneurs in this study will articulate wanting to get away from a particular situation as a major reason for starting a business.

Education and its relationship to entrepreneurial success is an interesting issue. There is a widespread belief that entrepreneurs are relatively less educated than the general population. In an attempt to investigate this notion, Merrill E. Douglas interviewed 153 entrepreneurs - black, white, male and female in the Atlanta metropolitan area. His findings were that the entrepreneurs were "considerably more educated than the general population by almost a 3 to 1 margin. Thirty-six per cent of the entrepreneurs in the sample had at least one college degree, compared to 14 per cent of the population in the same metropolitan area and 11 per cent of the total U.S. population."²

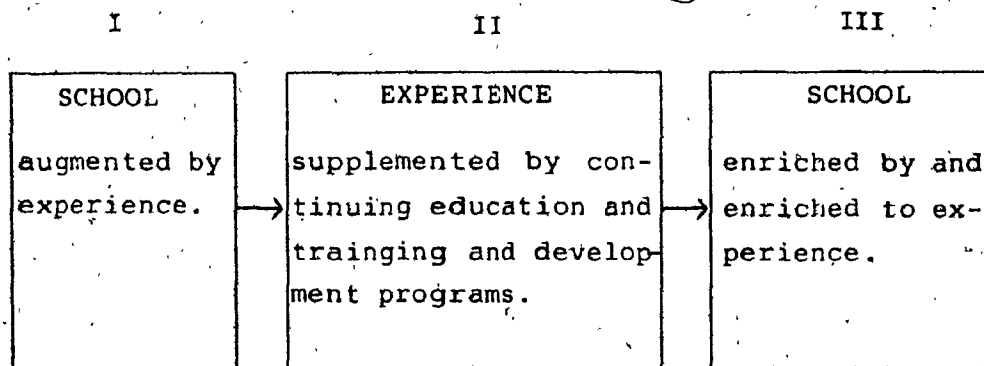
His next concern was relating education to success. With a sample of 64 entrepreneurs, his findings were that entrepreneurs with only some college education were more successful than the ones with full degrees. His conclusion "even though entrepreneurs have more education than commonly believed, education apparently does not contribute directly to business success. As entrepreneurs, business school grads are not as successful as other college majors and college grads are not as successful as non-graduates."³

Robert E. Coffey and John F. Herrman also examine the question, "Is Formal Education Related to Success?" in an article by this same name. They concluded that formal education is very important and "can contribute to entre-

preneurial success" because it can have impact on critical issues such as developing "a workable idea", "resources" and learning "successful adaption to the environment" as well as developing "management knowledge and skill". Even characteristics that are as personal as desire, initiative and determination can be developed by increasing self confidence in "well-designed, supportive formal educational environments".⁴

They make it very clear, however, that formal education must be augmented by experience in the business world in order to develop specific skills and knowledge. The ability to apply the more general knowledge and theories of formal education are also augmented by this process. They suggest the following model is ideal for the entrepreneurs and the most likely to lead to success.

Figure 1
MODEL FOR ENTREPRENEURIAL EDUCATION



Source: Robert E. Coffey and John F. Herrmann,
"Is Formal Education Related to Success?"
Journal of Small Business Management,
April 1976.

It is expected that entrepreneurs in this study will have at least some university education and that those who have university degrees will not necessarily hold a business degree. Entrepreneurs are also expected to consider previous business experience as important as their education, to their successful functioning.

The notion of the entrepreneur's allegiance to a work ethic was examined in a study by Kallen and Kelner (April 1983). They surveyed a number of highly successful Canadian entrepreneurs in four ethno-religious groups. Two majority groups were examined - Anglo-Protestant and Anglo-Catholic and two minority groups Italian-Catholic and Jewish. With an in-depth interview technique, the researchers hoped to determine whether there was, at that time, a difference between the entrepreneurial ability of protestants and non-protestants, as Max Weber had proposed.

The study identified a common work ethic that had nothing to do with religious persuasion. All of the entrepreneurs in the study believed in the values of education, independence and hard work. These entrepreneurs also believed that it was important to take a risk in developing this opportunity. On a personal level they believed that it was essential to "stretch oneself to the limits" in order to succeed as an entrepreneur.⁵

With regard to the notion of work being valued for itself, as an end in itself rather than as a means to "an end, the authors add further that "the commitment of these entrepreneurs to work involved a notion of work which was far removed from the sheer necessity to make a living. They valued their work for the challenges it provided, its intrinsic interest and the constant stimulation provided by their business endeavours."⁶

The Kallen/Kelner study examined many issues considered to be of extreme importance to an understanding of the entrepreneurial function; and indeed they substantiated many of these notions. Therefore it is expected that entrepreneurs in this study will manifest a work ethic. It can also be anticipated that they will "recognize an economic challenge as an opportunity," and have "a strong sense of individual responsibility." They are also expected to be innovative, be willing to work long hours and express a great need for autonomy.

David C. McClelland has written a great deal on the subject of achievement motivation or the need to achieve. The results of 20 years of research has led him to the conclusion that the most important factor in entrepreneurial success is achievement motive and that it can be measured.⁷ However, it has also been noted that entrepreneurs when measured on an achievement motivation scale do not score highly on the need for power as a motivator.⁸

The issue of achievement motivation is an important one and helps to clarify the issue of risk taking which is considered essential to the entrepreneurial personality.

Research has not supported the notion of the entrepreneur as an outright gambler who puts all at risk for the possibility of gain or glory. Brockhaus has noted that entrepreneurs prefer risks with odds of success near 50-50.⁹ This supports previous research which shows that only a moderate level of risk is acceptable to individuals who are considered to have a high need for achievement. It makes sense that if an individual's need to achieve is extremely high, he is not terribly interested in taking on projects or assignments where the probability of failure is also high. That is, this individual is interested in achieving results, not in failure. Consequently, in considering whether or not to take on a project, this individual must make an assessment of his likelihood of success, and determine whether or not this risk is acceptable to him, bearing in mind his interest in maximizing his successful achievements and minimizing failures.

Entrepreneurs in this study are expected to support both the work of McClelland and Brockhaus in that they are expected to manifest a high need to achieve; but limit risk in some way in order not to jeopardize this achievement.

The picture developed, thus far, is a positive one in the sense that research has shown the entrepreneur to be relatively well educated in comparison to the general public. He is willing to take risks but not with excessive indulgence in order that he may maximize the achievement of his goals and successful projects. He is a person with a strong work ethic with varying religious and ethnic backgrounds. He is creative and innovative.

There is also research which takes a more negative view which its authors believe to be a more realistic view.

For example Kets De Vries, in his study of the entrepreneurial personality, warns that we have made a folk hero out of the entrepreneur when he most certainly has feet of clay. In his view:

We quickly recognize an element of mythology and legend in the articles about entrepreneurship in such journals as Fortune magazine. This journal and others of its kind devote part of each issue to preaching the gospel of enterprise and business leadership. Not surprisingly these themes of individual success and failure are highly popular; they catch the readers' imagination and are empathy-provoking since they awaken the rebellious spirit present in each of us. We see that Prometheus and Odysseus have been replaced by that folk hero of the industrial world, the entrepreneur. He has become the last lone ranger, a bold individualist fighting the odds of the environment. He is that individual who after enduring and overcoming many hardships, trials and business adventures finally seems to have 'made it.'¹⁰

Kets De Vries generalizes from examples of such spectacular figures as Bernard Cornfield and Robert Vesco

and concludes that the entrepreneur is a social misfit and a loner whose family history is unhappy at best. He supports the view of Colins, Moore and Unwalla whose work he quotes:

...the way of the entrepreneur is a long, lonely and difficult road. The men who follow it are by necessity a special breed. They are a breed who cannot do well in the established and clearly defined routes available to the rest of us. The road they can follow is one that is lined with difficulties, which most of us could not even begin to overcome. As a group they do not have the qualities of patience, understanding and charity many of us may admire and wish for in our fellows. This is understandable. In the long and trying way of the entrepreneur such qualities may come to be so much excess baggage. What is necessary to the man who travels this way is great imagination, fortitude and hardness of purpose.

The men who travel the entrepreneurial way are, taken on balance, not remarkably likeable people. This too is understandable. As any one of them might say in the vernacular of the world of the entrepreneur, "Nice guys don't win"...ll

De Vries believes that a driving ambition and need to control stem not from any "inner strength and self-assurance" but from a basic insecurity which is characterized by anxiety and self-criticism. In his view this anxiety is due to a constant expectation of failure and punishment. In the entrepreneur, this leads not to a passive, submissive role but to an extremely aggressive and impulsive type of behaviour. This reaction against hardship leads De Vries to propose the following reactive

model of entrepreneurship:

The 'reactive model' makes for a sense of impulsivity whereby speediness, abruptness and a lack of planning on a longer term basis determines the entrepreneur's actions. It is short-term, operational planning for the purpose of instant gratification which predominates and makes for success in actions. These people seem to be characterized by a low tolerance for frustration and tension and a low attention span, seemingly in pursuit of immediate gains and satisfactions. For the entrepreneur the initial impression, 'the hunch', often becomes the final conclusion without a further serious search and deliberation process. There seems to be an absence of concentration, of logical objectivity, judgement and reflectiveness, as if the process of cognition is impaired and does not fulfil its integrative function. A lack of analytical thinking, an absence of active search procedures and self-critical reflections becomes a predominant mode.¹²

Andrew Feinberg's article, "Inside the Entrepreneur" partially supports De Vries' view although he provides no support to the reactive model which argues that the entrepreneur is likely to manifest impulsiveness where speediness, abruptness and a lack of planning on a long term basis determines the entrepreneur's actions. From a study of seventy-seven entrepreneurs, using an in-depth interview technique, he reports that the majority of the subjects began their businesses because they "felt victimized by their former employer."¹³ However, it should also be considered that this will not automatically lead them to accept the reactive model type of personality. Individuals possessing substantial inner strength and

spiritual fortitude could also feel this emotion in a bureaucratic setting.

The study also confirmed the notion that entrepreneurs are not afraid to fail. It showed that for the entrepreneur "work and play blend together," and that entrepreneurs are really "excitement junkies" with "gambler's blood."¹⁴ It is not just that they are willing to accept risk but need the emotional high that risk taking provides. This accounts, so the study says, for the starting of new businesses once an established business becomes at all routine.

While the subjects examined in Feinberg's study were generally seen by the author to demonstrate a tendency toward stubbornness this characteristic was tempered by their openness, their perceived flexibility and ability to cope effectively with competition. Feinberg's study also identified distinct workaholic tendencies in the subjects under examination. For instance, this characteristic is illustrated in the following observation from one of Feinburg's subjects:

I took a four-day weekend one time... and it drove me crazy being away. The morning I was supposed to go back I woke up at 3.30, 4.30 and then 5.00: at 5.00 I said the hell with it and went to the office.¹⁵

Entrepreneurs were found to place much greater trust in their instincts than in the advice of outside experts.

These subjects tended often to view these experts with

contempt. The exception being one's personal accountant, whose contribution was generally valued and trusted.

Feinberg's findings on the relationship between the entrepreneur and his employees were most interesting. Entrepreneurs were found to have a desire to create a work atmosphere which is positive because of their own negative experiences. They were also found to take great pride in their ability to provide a living for someone else. However, nurturing requires a good deal of the entrepreneur's time and considerable effort. In this respect, even though the entrepreneur's intentions may be good, he does not always have the required time available to make the effort to create a positive work environment for his staff members.

Consequently, personal problems and staff complaints are bound to occur which can be very hurtful as the entrepreneurs "interpret complaints as a comparison of them to their former discredited bosses."¹⁶

The Kets De Vries and Feinburg studies present a picture of the entrepreneurs as loners and social misfits who lack patience and understanding for others. They are aggressive, impulsive and generally not very warm individuals. De Vries and Feinberg describe the entrepreneur as someone who needs large amounts of risk - an "excitement junkie," someone who hates and distrust outside experts. The author's entrepreneurs are also workaholics who cannot

enjoy a pursuit of leisurely, and non-productive activities. They are individuals who find relationships with staff very difficult because they have too high an expectation of what they, as employers, should provide as a working environment for employees.

The entrepreneur described in these two studies is a stereotype. Kets De Vries indicates that individuals like Bernard Cornfield and Robert Vesco would be two examples of this stereotype. It is not known whether the entrepreneurs in this study will be social misfits or "excitement junkies." It can be anticipated however, that they will be workaholics, in the sense that they work very long hours and enjoy work more than anything else in their lives. They are also expected to demonstrate a contempt for former employers, a distrust of outside experts and to have a desire to play a nurturing role towards their staff members. An examination of research available reveals a strong emphasis on the importance of selected characteristics such as education or job dissatisfaction for entrepreneurs and has not yielded a great deal to our understanding of the entrepreneurial process of why people choose to engage in it. Perhaps this is because even the best writers insist on dealing with the entrepreneur however he chooses him as though there were only one type. This uni-directional approach to the description of the entrepreneur inhibits the development of a full understanding of who the entrepreneur is, what

motivates him, how he behaves and how he interacts with and responds to his environment. Current research on the subject of the entrepreneur appears to be based largely on a perception of the entrepreneur that has undergone little change since the writings of Cantillon. That is, they demonstrate a focus on the concepts of the inseparability of the market system and the entrepreneur and more specifically, on the function of the entrepreneur as a risk taker.

This perspective has been expanded by Frederick Arthur Webster, in his article, "Entrepreneurs and Ventures: An Attempt At Classification and Clarification." He lists the Cantillon entrepreneur as just one of five existing types of entrepreneurs. In Webster's view this type is more of "a silent theoretical entity who makes rational decisions, strives for profit maximization, as defined by the economists and assumes managerial and other uninsurable risks in exchange for profits."¹⁷

Webster's other classifications of entrepreneur are as follows:

The Industry Maker is in spirit "A Nation Builder, a hard working pioneer spirit who takes large risks, invests a total personal fortune, establishes an organization and then manages it into the industry leader." He has been viewed as "the manipulator (Robber Baron) of an entire industry or a large segment of an industry."¹⁸

The Administrative Entrepreneur is associated almost always with one firm. He is an executive "who alone, or with peers, creates an organization or a reorganization of an existing organization and then remains on in a permanent capacity to manage and control the managerial function of the business entity so created."¹⁹

The Small Business Owner/Operator "includes retail and wholesale merchants whose operations are limited in scope with respect to sales, geographical outreach and profit potential. Examples include the corner grocer, the independent druggist...."²⁰ Webster cautions that this very large group of entrepreneurs may be different from other entrepreneurs in their orientation. In his view they may "go into those businesses to escape from the very thing that attracts the more flamboyant entrepreneurial types - the lure of the quick and dirty 'big financial payoff.'"²¹

The Independent Entrepreneur is defined as follows:

An enterprising individual who operates without peers to create going ventures from scratch and who is not particularly prone toward long-term management of any one venture. In contrast with the other four entrepreneurial types, the independent is more likely not to be a risk-taker but rather a risk-creator.. In essence, it is the outside shareholders, the subordinate principals, and the venture's unsecured creditors who are the real risk-takers in many of the schemes that attract independent entrepreneurs.²²

Webster believes that the personality of this type of entrepreneur is often "complex" and "multi-dimensional."

Also, that they "can be loners surrounded by people and are occasionally misunderstood by those that they want to be closest to. They may have a fear of 'outside people,' especially when circumstances compel them to trust or depend on others for establishing goals or procedures...."23

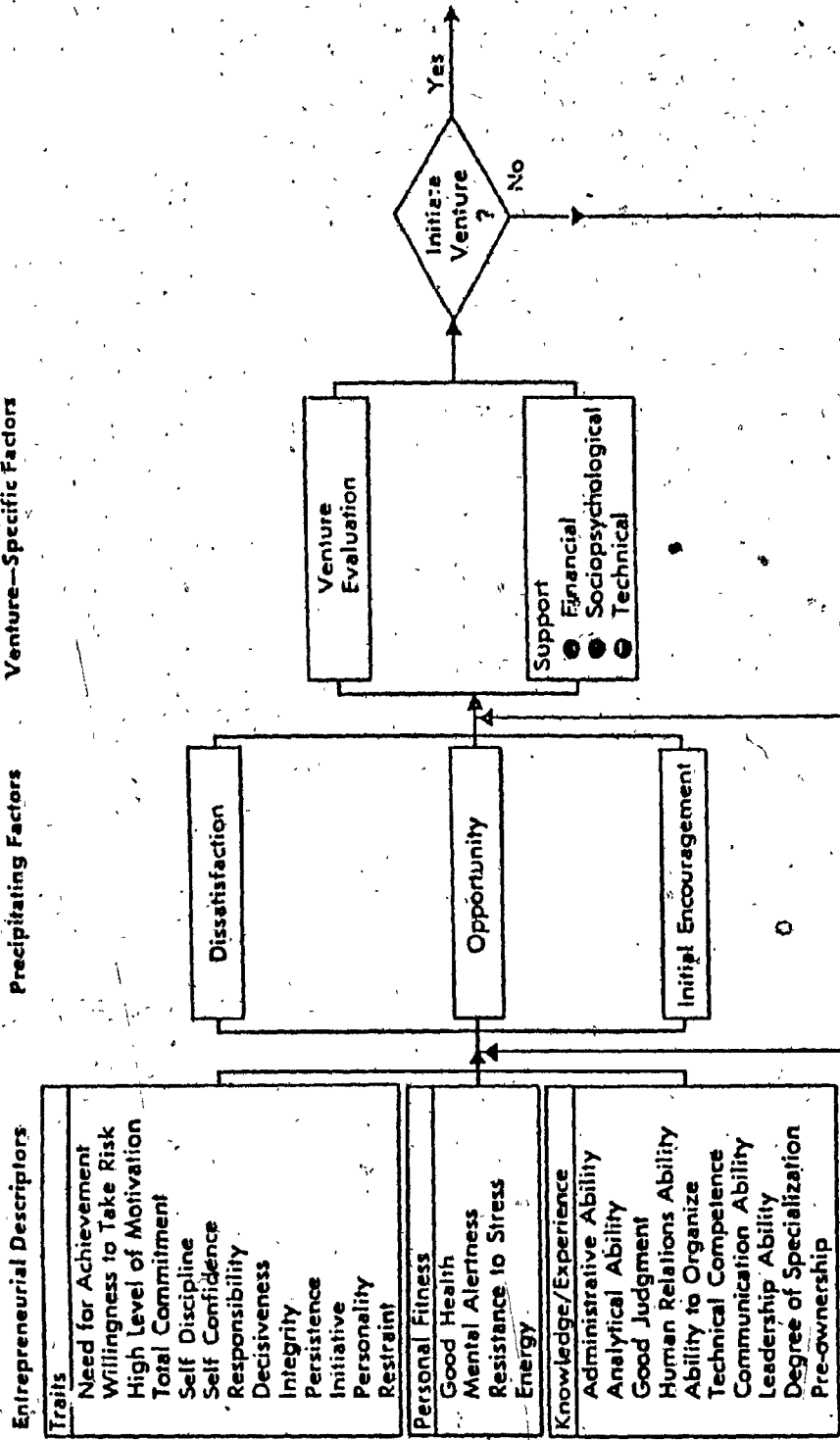
Sorting entrepreneurs into types, prior to examining their particular characteristics, seems to be a valuable tool to achieve understanding. It remains to be seen if these categories have relevance for this study. It is expected that most of the entrepreneurs interviewed will fall easily into the Administrative type or the Small Business Owner/Operator type.

Powell and Bimmerle developed a descriptive model which outlines the various factors encompassed within the decision process whereby the individual is prompted to initiate a venture into entrepreneurship. In their model, they have taken the position that various descriptive terms and states can be used to define entrepreneurial tendencies. These descriptors are categorized as 1. traits e.g. need for achievement, willingness to take risk, initiative etc., and 2. personal fitness e.g. good health, mental alertness etc., and 3. knowledge/experience e.g. administrative and analytical abilities, etc. Powell and Bimmerle believe "that if enough of the entrepreneurial descriptions listed... are present in the proper balance, the individual can then be regarded as a prime candidate

for entrepreneurship.²⁴

That is, if enough of these entrepreneurial descriptors are present and are of sufficient strength, then the individual has a readiness to consider making a venture into entrepreneurship.

FIGURE 2
VENTURE INITIATION DECISION PROCESS
 Precipitating Factors Venture-Specific Factors



Source: James Donald Powell and Charles F. Bimmerlee, "A model of Entrepreneurship," Journal of Small Business Management, Ja., 1980.

The authors define the next stage in their process model as consisting of various precipitating factors. That is, situations or circumstances which cause an individual to consider the possibilities of starting a business. These precipitating factors include 1. dissatisfaction with one's current position or circumstances and 2. a perceived opportunity or 3. some initial encouragement. This last precipitating factor could include a signal received from one's current organization that future career opportunities are limited, etc., or possibly encouragement from an outside source to launch an entrepreneurial venture.

Given that one or more of these precipitating factors are present, the model suggests that the next stage in this decision making process is evaluative. Specific factors relating to venture itself as well as the various support mechanisms and processes are evaluated and, this leads to a yes/no decision as to whether to initiate the venture.

In addition to its usefulness in understanding the process whereby decisions to initiate entrepreneurial ventures are made this model would seem to offer some predictive potential. The question which must be addressed is whether or not certain of the precipitating factors have more predictive validity than others. That is, of the three precipitating factors - dissatisfaction, opportunity and initial encouragement - do any of these have greater impact than the others in causing an individual to consider self employment.

Given current economic conditions and the resulting job pressures and restrictions within large organizations (the push concept) it is anticipated that the entrepreneurs in this study will be impacted more by job dissatisfaction than by perceived opportunity or initial encouragement as a precipitating factor in starting a business.

Based on study of all of the relevant literature, the operating hypothesis for this study is that there is an entrepreneurial "spirit," and that there are identifiable traits which lead to success as an entrepreneur. It is assumed that there are also identifiable reasons for, and support systems which are essential to the decision to leave an established business to become self employed.

FOOTNOTES - CHAPTER TWO

¹ Robert H. Brockhaus, "The effect of Job Dissatisfaction on the decision to Start a Small Business," Journal of Small Business Management, 18, No. 1, (1980) p. 42.

² Merrill E. Douglas, "Relating Education to Entrepreneurial Success," Business Horizons, December, 1976.

³ Ibid., p. 44.

⁴ Robert E. Coffey and John F. Herrmann, "Is Formal Education Related to Success?" Journal of Small Business Management, 14, No. 2, (1976) p. 4.

⁵ Evelyn Kallen and Merrijoy Kelner, Ethnicity, Opportunity and Successful Entrepreneurs in Canada, (Toronto: York University Press, 1983) p. 83.

⁶ Ibid., p. 31.

⁷ David McClelland, The Achieving Society (New York: Irvington Publishers, 1961).

⁸ John A. Hornaday and John Aboud, "Characteristics of Successful Entrepreneurs," in Entrepreneurship and Venture Management, ed. by Clifford M. Baumbach and Joseph Mancuso (Englewood Cliffs: Prentice Hall inc., 1975), p. 11.

⁹ Robert H. Brockhaus Sr., "Risk Taking Propensity of E. Propensity of Entrepreneurs," Academy of Management Journal, 23, No. 3, (1980), p. 518.

¹⁰ M.F.R. Kets De Vries, "The Entrepreneurial Personality at the Crossroads," Journal of Management Studies, 12, No. 1; (1977) p. 34.

¹¹ Ibid., p. 48.

¹² Ibid., p. 49.

¹³ Andrew Feinberg, "Inside the Entrepreneur," Venture, May, 1984 p. 80.

¹⁴ Ibid., p. 82.

¹⁵ Ibid., p. 83.

¹⁶ Ibid., p. 86.

¹⁷ Frederick Arthur Webster, "Entrepreneurs and Ventures: an Attempt at Classification," Academy of Management Review, January, 1977 p. 55.

- 18 Ibid., p. 35.
- 19 Ibid., p. 55.
- 20 Ibid.
- 21 Ibid.
- 22 Ibid., p. 56.
- 23 Ibid., pp. 56-57.
- 24 James Donald Powell and Charles F. Bimmerle,
"A Model of Entrepreneurship: Moving toward Precision and
Complexity," Journal of Small Business Management, 18 No.
1 (1980) p. 34.

CHAPTER THREEThe Entrepreneur in Popular Literature

Corporate giants with their blue-suited businessmen and bureaucratic ways are being upstaged these days by an army of restless, hard-working entrepreneurs.

Dianne Maley¹
Globe and Mail

The article from which the above quotation was taken had as its heading, "Entrepreneurial Spirit Seen as Key to Revival." This rather novel idea has become a familiar theme in the popular business press and illustrates why so many people in academic as well as in business circles consider entrepreneurial studies to be essential.

The reason for all this concern, we are told, is attributable directly to the relationship between small business and hard economic times. John Meyer, a Montreal economic consultant, explains that the post-recession economy is very different and favours small business in a way that pre-recession times did not. As concern for costs plague large corporations, it has become apparent that it is often more efficient and economical to have certain jobs done by smaller firms. This situation is attributable to several major factors. Smaller organizations are generally relatively free from various institutional incumbrances which are often well entrenched in other larger and more mature organizations. For example, larger organizations

are often locked into various contractual agreements with unions, comprehensive and costly employee protection plans, etc., which smaller firms often are not. Additionally, critical requirements for the survival of smaller firms include responsiveness, agility and low overhead expenses. These states are achieved most often by maintaining fewer layers or levels, in their management hierarchies, thus producing a leaner and less costly organizational structure. Also, "an economy in transition" is exactly the type of environment in which an entrepreneur thrives. Big business and big government simply cannot respond as quickly.²

Small firms are quick to seize new opportunities and to innovate, according to Meyer. Although one might assume that major innovations come from the laboratories of government or large corporations, this is apparently not the case. Studies in Britain and by the National Science Foundation in the United States show, according to Meyer, that "small U.S. businesses produce about twenty-four times as many innovations per research and development dollar as big business do."³

These realities, far from being a negative force, can and do impact positively on the relationship between large and small business organizations. In fact, there is a symbiotic relationship which is outlined by Eric Scott Executive Vice President of the Federal Business Development

Bank. In a speech given in Hamilton, Mr Scott included the following statements:

In my experience, the relationship between big business and small is essentially a complementary one rather than a hurtful, competitive one.

The fact is that the bigger a business becomes, the greater demand it frequently has for the goods and services small business can supply most effectively.

As the big businesses expand their markets in basic products, they are creating new opportunities for small business to enter the custom and speciality markets.

The relationship between small business and job creation is also a positive one, as the following statistics show:

Small U.S. businesses provided most of the jobs created between 1970 and 1980, and the trend accelerated during the recession.

U.S. entrepreneurs were starting companies at the rate of 600,000 a year by December, 1983. This compared with 93,000 a year in 1950. When people relied heavily on big business and government for jobs...

Companies with fewer than 50 employees provided most of the new jobs in Canada from 1975 to 1982, according to a survey by the Canadian Federation of Independent Business. Companies less than two years old created 18.5 per cent of the jobs.⁵

In Ontario alone, of the 100,000 new jobs created from 1979 to 1982, 70,000 were attributed to small business.⁶

"Taken collectively, small businesses are very big business indeed. They provide about one-third of Canada's total production in private manufacturing, transportation, construction, trade and service."⁷ What is clear from the discussion thus far, is that the entrepreneur and his smaller organization is succeeding where the larger, more heavily layered organization is not. Jennifer Wells, in her insightful article, 'Born to Raise Profits,' says "Top-heavy staffs with top-heavy salaries beat the competition."⁸ Economists also subscribe to these views, as Wells points out:

Robert Reich and other prominent economists are warning that every business faces a fierce new era of worldwide industrial competition in which there simply won't be enough growth to go around. Great corporate behemoths that lumber from one decision to the next will probably lumber off into oblivion. In order to count themselves among the survivors, companies have to be flexible enough to respond quickly to fast changing environmental conditions.⁹

Many large corporations are in trouble. Often these are organizations which, "become more and more layered, and in which the lines of accountability become increasingly blurred, (so that) the decision makers and the innovators got lost in the maze. When the recession made times tough, many companies didn't have the resources to fight tough."¹⁰

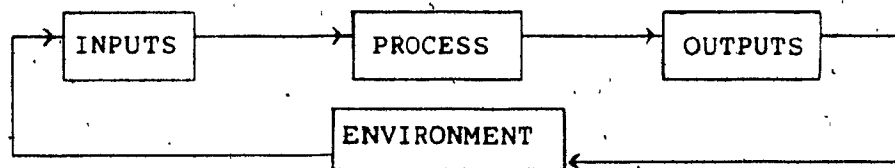
One conclusion readily drawn from the comments and observations of these writers is that, in order to survive during the late 1980's and beyond, organizations will have

to change and adapt to new circumstance. In short, they will have to rid themselves of unnecessary overhead and costs and streamline their communications and decision making processes. They must also continuously re-examine how effectively they integrate and exchange with various social, political and economic forces in their environment.

A most effective way to view this process is through the utilization of systems theory. This approach allows for the identification and isolation of the various components of an organization within definable boundaries. It enables one to identify and analyze the inter-relationships between these components and also, it facilitates the analysis of the various interactions between an organization and its environment.

Viewed in its simplest form, the basic elements of a system are demonstrated in the following diagram:

Figure 3
THE BASIC ELEMENTS OF A SYSTEM



Source: James L. Gibson, John M. Ivancevich and James H. Donnelly, Jr., *Organizations: Behaviour, Structure and Processes*, Plano, 1985, p. 31

In systems theory this model is often called the "black box model." When applied to an organization, it facilitates the understanding of how that organization operates. For example, organizations require a continuous flow of inputs which are provided in the form of capital, raw material, labour (people), technology and information. These various inputs are subsequently transformed or processed by the organization into outputs which would include finished products, services personal development and job satisfaction in staff members, as well as the various impacts on the organization's social, political and economic environment. In other words, the nature or quality of an organization's output can alter the quality of the environment or precipitate a response from consumers, legislators or environmentalists and others. These responses to the organization are detected by the system's feedback loop, as illustrated in the model, and are fed back into the organization to alter the process where required. For example, when consumers do not like General Motors cars they don't buy them. Declining sales and customer complaints are detected by the organization and the process is altered to produce more acceptable outputs. When environmentalists do not accept the environmental impact of nuclear generating stations, they form lobby groups to pressure the politicians into enacting more restrictive legislation and this forces a change in the organization's process.

From the organization's perspective, the key requirements for effectiveness in the short and medium terms and survival in the longer term, are determined by the way in which it responds to the various forces in its environment and the degree of flexibility and adaption it can demonstrate in keeping pace with external changes. As pointed out earlier, smaller organizations generally do not have to operate with as many layers in the management hierarchy and there are fewer bureaucraticized systems and processes. Decisions can therefore be made faster and response time or adjustment to environmental demands can be greatly shortened, thus giving the smaller firm more of a competitive edge.

There are some large companies which are not in trouble and which have a good chance of surviving and growing during the 1980's. They are the ones which focus on excellence. This may appear to be a trite or simplistic statement, but it's an idea that has taken a firm hold in current corporate thinking.

The notion of excellence and its relevance to industry has come into vogue through the writing of Thomas J. Peters and Robert H. Waterman, Jr., management consultants with the New York based firm of McKinsey and Co. The authors, in an immensely popular book, In Search of Excellence, praise American corporate innovation, initiative and enterprise. They have profiled 62 profitable companies, who

met rigorous financial and qualitative criteria, thus qualifying themselves, in the author's opinion, for the designation of an excellent company.

~~The~~ authors' research led them to list eight key attributes which characterize or distinguish excellent companies, as follows:

- One: A bias for action: a preference for doing something - anything - rather than sending a question through cycles and cycles of analysis and committee reports.
- Two: Staying close to the customer - learning his preference and catering to them.
- Three: Autonomy and entrepreneurship - breaking the corporation into small companies and encouraging them to think independently and competitively.
- Four: Productivity through people - creating in all employees the awareness that their best efforts are essential and that they will share in the rewards of the company's success.
- Five: Hands-on, value driven - insisting that executives keep in touch with the firms essential business.
- Six: Stick to the knitting - remaining with the business the company knows best.
- Seven: Simple form, lean staff - few administrative layers, few people at the upper levels.
- Eight: Simultaneous loose-tight properties - fostering a climate where there is dedication to the central values of the company combined with tolerance for all employees who accept those values.¹¹

These ideas are being given serious consideration by many

large corporations. For example, J. Peter Gordon, Chief Executive Officer of Stelco, Inc., was very impressed by the book's message. In his words, "There are a lot of ideas in the book that we will be doing, or have already done." He went on to say, "I don't think there's any bad advice in the book, it emphasizes the basic qualities of success in an economy that demands the very best." ¹²

A careful examination of the afore-mentioned characteristics of excellent organizations leaves the reader in no doubt that the key element is leadership and the profile of a desired leader that emerges is that of the action oriented, innovative, risk taking generalist. In other words, the entrepreneur. "The bean counters are out; the bean makers are in."¹³ This refers to the new style of manager that companies now need. What a far cry from the specialist managers of the 60's and 70's, with their theoretical and quantitative orientation and education. Wilbert Moore in his discussion of industrial bureaucracy built on the classical work of Max Weber who defined bureaucratic managements in terms of a clear-cut division of labour, specialization, hierarchal authority, formal rules and regulations, impersonal orientation of officials.¹⁴ Moore demonstrates some of the disfunctions of a bureaucratic form of organization. He begins by emphasizing the importance of a specialization which he considers the "outstanding feature" of bureaucracy. In terms of staff, he says, "bureaucracy

rests upon a selection and distribution of personnel according to specialized abilities and particular duties."¹⁵

Rules and regulations ensure both predictable behaviour and a high degree of stability in the organization. This often results in "a profound resistance to change" which Moore identifies as "a critical problem in industrial management."¹⁶ Charges of being enmeshed in red tape result when there is wholesale acceptance and compliance with rules and regulations. This can prove to be a problem according to Moore:

Devotion to duty, that is strict compliance with all the technical regulations, may persist in the face of their obvious inefficacy in attaining the officially prescribed end. A widespread characteristic of bureaucratic organizations of all kinds is this tendency of the office holder to treat the rules as ends in themselves.

He also goes on to say that "in a very real sense, the 'career man' who occupies a particular position in an elaborate organization, but of the various formal activities and relationships that characterize his role in it."¹⁸

Resistance to change can be dysfunctional. So also can be the process of communication. When a great deal of communication must be routed through formal channels it can cause "... the executive to be overloaded with masses of routine business and thus act as a bottleneck to the free passage of directions and information. A deluge of interoffice communications, which may or may not have to

proceed by way of a common superior officer, will tend to hold up essential information... without necessarily contributing to the effective operation of the entire system."¹⁹

These examples of bureaucratic red tape and resistance to change have very direct implications for those corporations who are caught in a global economic squeeze and who therefore must react quickly to rapidly changing market conditions.

As Wells explains, "Companies desperate to stretch their resources further - including their human resources, are being told that the only answer to their dilemma is to grow entrepreneurs."²⁰ But how is this to be done, given that the goal is a leaner, more responsive and effective organization with a management style that includes the orientation of a generalist, the ability to make decisions, a willingness to take risks and the courage to live with the consequences. This question is presently and very seriously, being addressed by major corporations, business consultants and leading business schools. Just how seriously many big businesses are about changing their structure and management styles can best be summed up by this quite remarkable statement made by Don McIvor, Chairman of Imperial Oil: "In retrospect, we wondered why we ever considered that highly bureaucratized system to be so valuable."²¹

An examination of the following quotations illus-

trates exactly how some corporations are attempting to "un-bureaucratize" themselves:

Who should account to whom, who's the lowest possible person on the totem pole to make the right decision, and who can we take more risks without appearing reckless? The objective was to pare operations back to the movers and shakers who can help the company spin on a dime. "We can no longer afford to back these guys up with a whole bunch of staff."²²

Imperial Oil

Account managers at Midland are expected to do their own economic analysis and decide on terms, pricing and the structure of loans, rather than make proposals to their supervisors. "You're expected to move forward here and that means risking ridicule."²³

Midland Bank, Canada

Since the 1950's, CGE has been made up of departments with general managers running them as though they were separate businesses. "The general managers at CGE have more authority to make permanent investments than some of the CEO's at major corporations.

Canadian General Electric Co.

People have to be prepared to take risks. They have to make decisions and then execute them.²⁵

Canadian Tire Corp. Ltd.

While the direction is quite clear and appears simple to achieve, it is difficult to expect managers, whose whole working life has been devoted to not making mistakes, to risk making them, even though the environment now chooses to forgive some errors in order to gain additional flexibility and responsiveness.

This emphasis on a new set of management skills is being accompanied by the creation of a whole new industry designed to facilitate the utilization of new management philosophy. Many well established management consultant firms have initiated programs to teach risk taking entrepreneurial behaviour. A number of new enterprises have also been created in direct response to this challenge. For example, The International Center[®] for Entrepreneurs in Indianapolis gives a course for senior level managers utilizing role-playing sessions to develop and practice entrepreneurial skills.²⁶

In Toronto, R.A. McNeil, President of Achieve Enterprises Ltd. has produced "a glossary package of books," based on Peters' and Waterman's research. The total unit cost of \$15,000 or \$150 per participant is considered "cheap at twice the price" by some potential users if it really does produce the excellence that is promised.²⁷ Wood Gordon of Toronto, certainly an established and reputable firm, is offering "managing for excellence" seminars. Peters himself expects to make 200 presentations during '83 - '84, generating fees of \$10,000 (U.S.) and up for each session.²⁸

While industry is creating the environment and facilitating the acquisition of new skills, ultimately it is the business schools who will be expected to produce the next generation of graduates fully able to practice intreprenurship, as corporate entrepreneurship is styled, as well

as manage their own concerns. For years these schools have been turning out thousands of graduates trained to function in a traditional work environment. As Henry Mintzberg of McGill explains, "We've had an obsession with a very rational view of management, and business schools have been part of the problem."²⁹ Their Programs have placed a heavy emphasis on the analytical and quantitative aspects of management. Yet the shortcomings of this approach have only recently become problematic. In an attempt to find a solution, most business schools are reducing their emphasis on the acquisition of theoretical concepts and instead they are stressing, to a far greater extent, the application of practical skills.

In 1974 no one taught a course in entrepreneurship. Three years ago, 140 graduate schools in the United States, taught such courses. Presently this number has increased to 170. A partial list of those schools reads like the who's who of business schools: New York University, Carnegie-Mellon, Northwestern, Babson College, University of Southern California, U.C.L.A., Columbia, University of Washington, and of course Harvard, to name only a few. In fact, "of the 750 members of the class that will graduate from Harvard's business school this May, 570 have elected to take the school's premier course in entrepreneurship, 'Entrepreneurial Management.'" Within the academic community this trend is significant because it is generally considered that "If Harvard thinks it's important, then it's important."³⁰

Zenas Block of New York University's new Center for Entrepreneurial Studies teaches a program that is probably representative of many others according to Farrell,

He pays only lip service to the standard business school ratios and formulas, and downplays the emphasis placed by students on market share and short-term solutions. He emphasizes instead research and development, niche markets, and customer contact. He encourages his students to think entrepreneurially, to look at the organization the entrepreneur creates only as a bridge between the customer and "the entrepreneurial dream."³¹

In Canada, the leading business schools are concerned with this trend as well. However, lest we think that this is the final solution, that within a few years the business community will have all the entrepreneurial talent it requires we should consider one very basic and very interesting question: Can the skills and knowledge to become an entrepreneur be taught? While there is fairly general agreement that entrepreneurial skills can be taught, there is no guarantee that having knowledge of these skills does necessarily make an individual an entrepreneur. In short, as Stuart L. Meyer from Northwestern University explains, you can't turn just anyone into an entrepreneur:

They either have it or they don't. I can't teach students the personality traits necessary to take risks. But we can teach them to analyze those risks, to be analytical about their choices, and to learn from mistakes made in the past.³²

He is not alone in this belief. Other fine minds agree that there is an innate factor that must be taken into account.

We can't teach entrepreneurship, but we can teach the mechanics of starting a new business and impart practical knowledge to our students:

Professor John R. Thorne
Carnegie-Mellon University³³

Strategic decision-making is very intuitive.
It's not based on hard, analytical information.

Professor Jay Lorsch
Harvard³⁴

Alfred E. Osborne, Jr., Director of U. C. L. A.'s Graduate School of Business MBA program agrees and suggests another benefit of these programs: "The greatest service one of these experiences can have for some students is to show them that they're not entrepreneurs. It may save them a lot of trouble down the road."³⁵ The message, then, from North America's finest business schools, is that if you are not born with entrepreneurial potential then you will not be an entrepreneur, regardless of the number of these courses you follow. However, the skills are important ones and can still be put to good use.

The most exciting aspect of this new direction to business education is the potential of these schools to develop and polish the skills of those with real entrepreneurial talent. No longer will intuitive decision making and risk taking behaviour be discouraged in those who have

the ability. This new trend should benefit companies of all sizes as well as the economy as a whole for, as Karl Vesper of the University of Washington points out: "With entrepreneuring perceived as an acceptable career path, you'll see more students interested, more students starting companies, and eventually many more corporations. That could have a major economic effect."³⁶

This paper will focus on the small business entrepreneur. However, it is important to understand that the concern to have entrepreneurial talent for large business organizations is creating an atmosphere that is very supportive for the entrepreneur. The growing emphasis on the importance of developing entrepreneurial talent will have its effect on small businesses and on the entrepreneurial talent available to it in the future.

FOOTNOTES - CHAPTER THREE

¹ Dianne Maley, Report on Small Business, The Globe and Mail, March 9, 1984, p. R1.

² John Meyer, "Small Business is the Key," Executive, June 1983, p. 42.

³ Ibid., p:41.

⁴ Paul Mitchell, "Co-operation among Big, Small Often Key to business Success, The Spectator, October 24, 1981.

⁵ Maley, "Small Business", p. R1.

⁶ Jane T. Cook, "Women are the Best Entrepreneurs," Canadian Business, June 1982 p. 73.

⁷ Mitchell, Spectator, p. 92.

⁸ Jennifer Wells, "Born to Raise Profits", Canadian Business, October, 1983, p. 34.

⁹ ibid.

¹⁰ Ibid.

¹¹ Thomas J. Peters and Robert H. Waterman Jr., In Search of Excellence (New York: Warner Books, 1982), p.p. 13 - 18.

¹² Richard Spence, "The Selling of Excellence", Financial Times, October 31, 1983, p. 10.

¹³ Wells, "Raise Profits", p. 36.

¹⁴ Max Weber, "Characteristic of Bureacracy"; in Readings in Industrial Sociology, ed. William A. Faunce (New York: Appleton-Century-Crofts, 1967), pp. 133 - 135.

¹⁵ Wilbert E. Moore, "On the Nature of Industrial Bureacracy", in Readings in Industrial Sociology, ed. William A. Faunce (New York: Appleton-Century-Crofts, 1967), p. 136.

¹⁶ Ibid., p. 143.

¹⁷ Ibid., p. 142.

¹⁸ Ibid., p. 142.

¹⁹ Ibid., p. 144.

²⁰ Wells, "Raise Profits" p. 34.

- 21 Ibid., p. 42.
- 22 Ibid., p. 34.
- 23 Ibid., p. 37.
- 24 Ibid., p. 38.
- 25 Ibid.
- 26 Ibid., p. 36.
- 27 Spence, Financial Times, p. 1.
- 28 Ibid., p. 11.
- 29 Wells, "Raise Profits", p. 36.
- 30 Kevin Farrell, "Why B Schools Embrace Entrepreneur,"
Venture Magazine, February, 1984, p. 61.
- 31 Ibid., p. -60.
- 32 Ibid., p. 63.
- 33 Ibid.
- 34 Wells, "Raise Profits", p. 36.
- 35 Farrell, Venture, p. 63.
- 36 Ibid.

CHAPTER FOURRESEARCH METHODOLOGY

The purpose of this research was to examine what characteristic skills and functions are most critical when making the decision to start a business. Two subject groups of thirty entrepreneurs and thirty corporate managers were identified and surveyed with questionnaires (see appendices A and B) and with one set of semantic scales designed to measure "perception of the entrepreneur" (appendix C).

All entrepreneurs surveyed must have worked for larger organizations before starting their own businesses. The corporate managers must have expressed some interest in being self employed. Potential subjects were identified by asking friends and acquaintances of mine if they knew anyone in either category. Some subjects also suggested others.

In selecting these particular groups, it was assumed that there would be a certain level of managerial expertise common to all of the subjects. It was also assumed that differences between those who have started a business and those who wish to would help to clarify how and why the decision for self employment is taken, or postponed. It is understood that, as this is not a random sample, the results are not generalizable to all entrepreneurs. The research should be considered only exploratory in nature.

The following assumptions, which are based on the studies reviewed, will be tested. It is expected that entrepreneurs in this study will:

- have a high need to achieve
- work long hours
- enjoy work more than other things in their lives
- express a great need for autonomy
- manifest a work "ethic"
- dislike bureaucracy
- be well educated but also consider experience essential
- demonstrate a nurturing role toward staff
- distrust the advice of outside experts

It might also be expected that they will:

- be independent and not need a great deal of family support
- encourage children to join them in order to perpetuate the business
- have come from entrepreneurial families and have demonstrated entrepreneurial tendencies in their youth

It is also believed that, like the entrepreneur of classic literature, today's entrepreneur would be both innovative and a risk taker, but not necessarily an outright gambler or an empire builder.

It is expected that managers in a corporate environment will vary in their views from the entrepreneur, on such

issues as enjoyment of work and the amount of time spent at work.

It is assumed that differences between the two groups might help clarify components essential to actually making the decision to start a business.

SUBJECTS

Twenty-eight men and two women made up the entrepreneurial group. The differences between men and women entrepreneurs appear to be mainly in the area of credit discrimination and lack of business training for women, rather than differences in areas such as risk taking or innovation. Credit discrimination most often takes the form of difficulty in obtaining start-up loans from banks. Because the concerns of this research were the decision making process involved in starting up a business and in the characteristics common to entrepreneurs, it was felt that the validity of the research findings would not be jeopardized by having both men and women in the study. Of the corporate managers who completed the questionnaires, twenty-four were men and six were women.

Only independent business owners, not franchise holders were interviewed because it was assumed that the latter type of entrepreneur is engaged in a shared risk and is often provided with a great deal of support from the parent company, which the independent entrepreneur does not have. They therefore operate with quite different levels of risk.

THE QUESTIONNAIRES

The questionnaires for this research project were developed over a period of several months, specifically for this study. The challenge was to develop questions which would provide relevant information relating to various entrepreneurial roles and the reasons behind decisions for self employment. To accomplish this, an extensive literature search was combined with discussions with university faculty members, both in Business and in Sociology and with entrepreneurs themselves. The original questionnaire was tested by administering it to four entrepreneurs (not included in the final study). The results of these interviews helped to identify the most relevant issues and a second questionnaire was produced, which in its final form, had eighty questions. The issues which were considered most pertinent and which the questionnaire was designed to examine were:

1. Present Business Role
2. Factors relating the the Initial Decision to become self-employed
3. Support Systems: Family history and interaction
4. Early Socialization and Education for an entrepreneurial role
5. Definition of the Entrepreneur
6. Risk Taking and Innovation
7. Issues and Attitudes relating to Large Corporations

1. Present Business Role.
2. Early socialization and education for an Entrepreneurial Role
3. Definition of the Entrepreneur

Questions relating to the decision to become self employed and particular issues arising from the self employment process were not relevant for this group.

The thirty entrepreneurs were interviewed either in their homes, or in their offices, depending upon their own preference. The interviews were scheduled at their convenience. The interview situation was informal, in the sense that most of the subjects chose to discuss, explain and elaborate, as well as provide specific answers to questions. Each interview required a minimum of fifty minutes to complete. The corporate group of questionnaires were completed by the subjects directly. They were less complex as they did not include discussion of actual self employment. The scale sheets were completed, in both groups, by the subjects themselves.

Following the completion of each interview, a letter was sent to each subject thanking them for their participation.

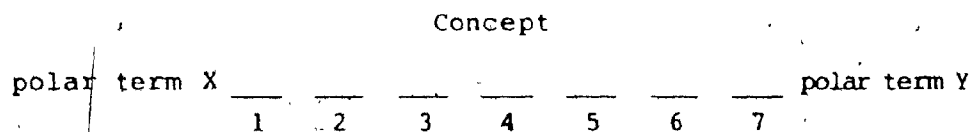
SCALES

The decision to add the scales to these questionnaires was prompted by the desire to examine more closely, the entrepreneur's perception of the role of the entrepreneur

in general and not just his own role as an entrepreneur. The same set of scales was used to examine the corporate manager's perception of the role of an entrepreneur. It was believed that a comparison of the responses of the two groups would identify differences in perception which might indicate why members of one group have started a business and why members of the other group have only expressed a desire to do so. Semantic differential scales were used to measure the differences in perceptions between the two groups.

The semantic differential is a technique developed by Charles E. Osgood and his associates to provide a means of obtaining quantifiable measurements of the meanings of concepts to individuals and groups. Osgood has described this instrument as being "essentially a combination of controlled association and scaling procedures. We provide the subject with a concept to be differentiated and a set of bipolar adjectival scales against which to do it, his only task being to indicate, for each item (pairing of a concept with a scale), the direction of his association and its intensity on a seven-step scale."¹

Each item in a semantic differential pairs a specific concept with a particular scale in the following way:



The positions on the scale are defined for the subject in the instructions given prior to completion as:

- | | |
|--|----------------|
| 1. extremely X | 5. slightly Y |
| 2. quite X | 6. quite Y |
| 3. slightly X | 7. extremely Y |
| 4. neither X nor Y; or equally X and Y | |

By proceeding through a series of several such semantic scales, an individual is better able to express his perception of the meanings of specific concepts in a form which is also quantifiable. According to Osgood, "each position on the semantic scale is assumed to be associated with a complex mediating reaction, the dominant component depending on the polar terms, X and Y, and its intensity depending upon the qualifiers, 'extremely', 'quite', and 'slightly'.² For example if the concept being examined was "perception of the material presented in psychology 101" an example of the scales might be:

easy	—	—	—	—	—	—	—	difficult
	1	2	3	4	5	6	7	
organized	—	—	—	—	—	—	—	disorganized
	1	2	3	4	5	6	7	

The concept which was examined in this study was "perception of the entrepreneur." The scales were designed specifically for this study and were developed to reflect issues in the questionnaires and to provide a means of

comparing the perceptions of the entrepreneurs and the corporate managers concerning entrepreneurs.

FOOTNOTES - CHAPTER FOUR

¹Charles E. Osgood, George J. Suci, and Percy H. Tannenbaum, "The Measurement of Meaning," in Semantic Differential Techniques, ed. James G. Snider and Charles E. Osgood (Chicago: Aldine Publishing Company, (1969) p. 58.

²Ibid., p. 68.

CHAPTER FIVERESULTS

This study on the entrepreneur had two main objectives. The first was to examine the decision making process one goes through to start a business. The second was to identify those skills and characteristics most valuable in understanding the entrepreneurial function. Entrepreneurs were asked questions which would examine both of these objectives.

Although the corporate managers could not discuss the actual start-up decision as they were not self employed, they were asked to discuss the circumstances under which they would start a business. They were also asked what characteristics they considered essential for the successful entrepreneur to possess.

In this paper, the numerical data are presented to illustrate the background characteristics of the subjects, to identify the relative importance of certain issues and to serve as a means of comparison between the two groups. The questionnaire was not designed to produce those data which could be analyzed with the use of refined statistical techniques. Other findings are presented by means of quotations and paraphrases of answers, as well as the personal observations of the interviewer.

Profiles of the Entrepreneurs and Corporate Managers

Age Distribution

The age distribution of the Entrepreneurial group and the corporate group of survey subjects are somewhat similar as Table 1 shows:

Table 1

	<u>Age of Participant in Years</u>		
	<u>30 - 39</u>	<u>40 - 49</u>	<u>50 and over</u>
Entrepreneurs	20	9	1
Corporate Managers	16	12	2

Education Levels

For the entrepreneurial group education ranged from high school to a doctorate in physics. For the Corporate Managers, education levels ranged from high school graduates to Master's degrees as shown in Table 2:

Table 2Education Levels Achieved

	<u>Entrepreneurs</u>	<u>Corporate Managers</u>
Some High School	2	0
High School completed	2	3
Community College diploma	6	0
Some University	2	5
Undergraduate degree	11	15
Masters degree	6	7
Doctorate	(4 in business) 1 (Physics)	(6 in business) 0

Early Work Experience

The literature indicates that frequently entrepreneurs have exhibited entrepreneurial tendencies from childhood. As young children, twenty-three of the subjects (77%) maintained newspaper routes or carried n other self employment ventures. Within the group of Mangers, twenty-two of the subjects (73%) had newspaper routes, etc. as youths. In later school years nineteen jobs and six individuals operated their own businesses e.g., painting, trucking, etc. while five respondents attended school without also taking on an extracurricular employment activity at the same time. In later school years, twenty-two of the Corporate Manager respondents (73%) worked for others while two individuals (6.7%) ran their own businesses.

Time Worked for Others

Eighty percent of the entrepreneurs had worked for at least ten years for a larger organization before starting their own business as Table 3 indicates:

Table 3 - Entrepreneurs

<u>Time (in years) Worked for Others before</u>		
<u>becoming Self-Employed</u>		
<u>0 - less than 10</u>	<u>10 less than 20</u>	<u>20 and over</u>
6	15	9

When these respondents were asked if they had considered self-employment at the time of initial employment, fourteen indicated yes and sixteen replied that they had not. The reasons given for not starting a business at that point were lack of experience and insufficient financial resources.

All of the managers had worked for their companies at least 10 years. Seven, or 23 per cent, had been with their companies 20 years or longer:

Table 4 - Corporate Managers

<u>Time (in years) Worked for</u>	
<u>Large Organizations</u>	
<u>10 + Less than 20</u>	<u>20 and over</u>
23	7

When these Corporate Managers were asked if they had considered self employment at the time of initial employment, seven indicated yes. They did not follow through with the idea because of concerns about lack of capital, lack of experience, low initial income and lack of personal time and security.

Time Spent at Work

With reference to the entrepreneurs surveyed in this study their personal time commitment to their businesses varied from 15 to 100 hours per week. In contrast most Corporate Managers spent at least forty hours a week on the job.

Table 5

Average Number of Hours/Weeks spent at Work

	<u>Less than 40</u>	<u>40 - 50</u>	<u>51 - 60</u>	<u>61+</u>
Entrepreneurs	1	7	11	11
*Corporate Managers	2	12	10	5

*Note: For the Corporate Manager group one respondent did not answer this question.

Twenty-four of the entrepreneurs (80%) believed that the hours they spent at work were less than, or the same as other entrepreneurs. Twenty-four respondents (80%) believed that this was more than or the same as the time they would spend at work employed by someone else. For the corporate group, twenty-one of the subjects (70%) believed

that the amount of time that they spent at work was less than they would have to spend if they were self employed. Nine respondents (30%) believed that there would be no change in their level of their time commitment if they were self employed.

Value of Work in Subject's lives

With reference to the popular belief that work is of primary importance to the entrepreneur, the subjects were asked to evaluate how much they enjoyed the time spent at work. Corporate Managers were also asked how much they enjoyed the time that they spent at their work. Responses are summarized in Table 6.

Table 6

Enjoyment of Work Relative to Other Activities

	Enjoy it Least	Enjoy work more than anything else	Enjoy to the same extent other things I do
Entrepreneurs	1	8	21
Corporate Managers	1	5	24

Entrepreneurs cited many other interests that they enjoyed on an equal basis with work for example, tennis, sailing, flying, mission work for the Church and travelling for pleasure. Business travel was also cited as an enjoyable activity. One man explained that when he was at work he loved his work but when he was on his boat, he was equally enthusiastic.

Issues and Attitudes Relating to Self Employment.

In an attempt to fully understand the move from an established organization to one's own business venture, questions were included in the survey to identify relevant issues.

The question - "What does your own business provide for you that a larger organization would not," provided a number of interesting responses from the entrepreneurs. These responses may be classified into the following three types:

1. Autonomy and Freedom to make decisions

The freedom to create, to set goals, to make decisions and act without references to others for agreement made it all worthwhile. However, subjects acknowledged the ultimate responsibility involved. A number of the entrepreneurs explained what was important for them was:

decision making power - "Flexibility, ability to implement immediately - don't have to ask."

"The business does not run you. For example, I wanted to go to Europe, so I set up my work schedule around the trip."

Autonomy - "broader exposure - opportunity to make decisions and become involved in as wide a range of issues as you wish to."

2. Satisfaction and Enjoyment

This response type was represented by the following quotes:

"I get great self-satisfaction and can be wrong but not to have to say I'm sorry."

"The satisfaction of being in control of my own destiny is what makes self-employment worth while."

"My business allows me to help other people by employing them. Then there is the personal growth and the "fun" and enjoyment of your own business - the excitement."

3. Increased Financial Rewards

This response type was expressed by some of the subjects as follows:

"My business allows me direct financial rewards for an investment of my time and money"

"... potential for higher earnings. Security is in your own hands."

"Profits are directly related to unfettered range to pursue business goals."

All the subjects in the corporate group had, to varying

degrees, "toyed" with the idea of starting their own business and articulated a number of benefits which they felt would be gained by self employment, if they were to start a business. Like the entrepreneurial group, these responses included issues of autonomy, satisfaction and increased financial rewards. A selection of their responses follow:

1. Autonomy and Freedom to make decisions

"Autonomy and having results linked to efforts."

"Being your own boss."

"Free to act quickly and to move ahead as the market changes."

"Possibly more flexibility of work hours."

2. Satisfaction and Enjoyment

"Satisfaction of success based on my own initiative and decisions."

"The great satisfaction of having marketed a new product from the ground roots to fruition."

"Added excitement."

3. Increased Financial Rewards

"Contribution to my own welfare to a greater extent (i.e., owning a home versus renting):"

"Possibility of greater monetary rewards."

However, most Corporate Manager respondents indicated that self employment would be pursued seriously only if they were actually forced by circumstances such as early

retirement, loss of job, or a very unhappy work situation. Some individuals indicated that if an opportunity so spectacular and totally without risk, or even short term loss, presented itself they would have to accept it.

Perceptions of the Characteristic and Skills of the
Entrepreneurs

When thirty entrepreneurs were asked how they would define an entrepreneur and what his/her most important personality characteristics would be, there were literally thirty different answers. A number of these characteristics and skills are included in Tables 7 and 8.

These Tables also include the responses of the Corporate Managers to these same questions. Again, there was a wide range of answers. In order for a characteristic or function to be listed, it had to be mentioned in at least two of either the entrepreneur's or the Manager's questionnaires. The frequency of response is also shown.

Table 7

Characteristics of the Entrepreneur as
Articulated by Entrepreneurs and Corporate Managers

<u>Characteristic</u>	<u>Frequency of Response</u>	
	<u>Entrepreneurs</u>	<u>Corporate Managers</u>
1. Willing to take a "calculated" risk	8	0
2. Self confident	6	9
3. A leader-inspires others	6	4
4. Pursues goals actively	5	3
5. Creative - versatile	5	4
6. Optimistic	5	0
7. Extrovert	5	6
8. Self-motivation	5	7
9. Tenacity - steadfastness	4	5
10. Adventurous	3	0
11. Realistic - common sense	3	0
12. Energetic	3	3
13. Aware and cognizant of opportunities	2	0
14. Strong independent spirit	2	5
15. Aggressive - assertive - ambitious	0	11
16. Honest	2	3
17. High need for power	0	2
18. Motivated by money and material goods	0	4
✓19. Big ego	0	4
20. Risk takers - "unqualified"	0	18

Table 8

Skills and Functions of the Entrepreneur
as Articulated by Entrepreneurs and Corporate Managers

<u>Skills/Functions</u>	<u>Frequency of Response</u>	
	<u>Entrepreneurs</u>	<u>Corporate Managers</u>
1. Skillful at developing opportunities - innovative	5	15
2. Strong sales ability	3	3
3. Adept at managing change	2	2
4. Ability to cope with failure and bounce back	2	1

Risk Taking and Innovation

Risk taking and innovation are the traditional defining characteristics of the entrepreneur. Therefore a section dealing only with these issues was included in order to try and assess the importance of these functions to the population being studied.

All thirty subjects in the entrepreneurial group considered themselves to be innovators in their businesses. Yet thirteen respondents believed that it was not essential to be an innovator in order to be an entrepreneur. Their feeling was that some businesses did not require innovation. When asked if they considered themselves risk takers, seven said "no", nine said "to a very limited degree" and fourteen said "yes". However, in discussion, all agreed that the risk although it might seem severe to someone else, was really well thought out and would in no way put the

business at serious risk. A typical answer was:

"yes, I take a calculated risk - a good effective decision"

In terms of risk taking being a defining characteristic of the entrepreneur, twenty respondents (67%) agreed it should be, six (20%) said no and four (13%) said only to a degree.

Corporate Managers were asked if they believed that it was necessary to be an innovator in order to be an entrepreneur. Fifteen (50%) believed that it was essential, eleven (37%) believed that it was not essential and four (13%) believed that although not essential it would help.

On the issue of risk taking, twenty-eight Corporate Managers (93%) believed that risk-taking should be a defining characteristic of the entrepreneur. There was no indication, by these respondents, that risk was, or could be managed as the entrepreneurs themselves believed it was. As one manager stated, an entrepreneur is "one who is a perpetual optimist and often overlooks or disregards downside risk." Two of the subjects believed that entrepreneurs take no greater risk than anyone else.

Can Entrepreneurial Ability be Taught?

There is considerable discussion in both academic

and business circles concerning the urgent need to produce more entrepreneurs. While there is agreement that this need is critical there is no consensus as to how, or even whether entrepreneurial ability can be taught or developed. As this seems to be a fundamental question, both the entrepreneurial group and the corporate manager group in this study were surveyed for their views on this issue.

When the surveyed entrepreneurs were asked if they believed that entrepreneurial ability could be taught, all but two respondents indicated that in their view it was impossible to develop an entrepreneur if he did not have certain innate abilities. The terms used to identify these abilities included "common sense" (judgement), various "personal factors" such as self-confidence, creativity and self-motivation and "basic talent" such as skill at developing opportunities. Many respondents held the view that some of the required skills such as management and technical ability could be taught. However, a typical view was that entrepreneurial ability "can be taught only to those individuals who are predisposed and eager to learn and apply these skills."

Within the group of Corporate Managers, all respondents had indicated some interest in self employment. Consequently when this group was surveyed the question of whether or not, in their view, entrepreneurial skills could be taught seemed very appropriate.

Twenty-nine of the thirty subjects believed that, although the mechanics of running a business could be taught, there were certain characteristics essential to entrepreneurial success that could not be taught. Statements such as the following were typical responses:

"I don't feel you can teach self-motivation and hunger for success which are both key elements of a "good" entrepreneur."

"To be successful, entrepreneurs must have the ability to translate crazy ideas to concrete plans - or even how to get crazy ideas. This cannot be taught."

"I believe that entrepreneurs are born not made."

Issues and Attitudes Relating to Large Corporations

To examine the motivation for starting a business, attitudes about large corporations were discussed with the entrepreneurs and not one person interviewed spoke with contempt about large corporations. When asked what they liked best, six said that they provided excellent training grounds. Access to large resources and working with peers were also benefits that were expressed by fourteen respondents. Some of their responses are as follows:

"There is a difference between the resources and projects in a large corporation - in small business you scramble a little harder."

"Wide exposure and experience - wide range of people."

"Lots of latitude - lots of experience to be gained."

"Peer groups - social factors - team projects."

Although it was acknowledged that there was greater potential for financial rewards in venturing into ones own business, it was perceived that in large corporations there were better benefit plans and an assured income. Many of the subjects worried about their inability to provide special benefit plans for themselves and their employees.

One man said he enjoyed the challenge of playing the corporate political game.

However, when asked what they liked least about large corporations many identified the politics and bureaucracy and lack of control. For example: They were concerned with the slowness with which things get done and that office politics stem flow of creativity. They disliked never seeing end product often did not see project from start to finish. They also disliked the sense of uncertainty and that their own professional destiny in the hands of someone else. Too rigid a dogma having to feed the system and a management style that was too set were also concerns.

One entrepreneur had a unique and very positive view of bureaucracy. He explained that he had strongly disliked the bureaucratic red tape when he worked for a large corporation. However, now that he was on his own he loved that same bureaucratic red tape with large corporations because he was now so much more flexible than the larger companies he dealt with. This flexibility and enhanced responsiveness gave him a real competitive edge over the "big guys."

As with the entrepreneurs the Corporate Managers were asked to discuss their attitudes towards large corporations. They identified many of the same benefits to be found in large corporations, such as, working with peers and the sharing of ideas and ability. Resources were also considered to be a very positive factor. Corporate managers also identified an issue which was not raised by the entrepreneurs when they were asked what they liked best about the large corporation. That issue was the wide variety of assignments and the opportunity for upward mobility, which one-third of the managers mentioned. One manager explained that large companies "need leaders and the opportunity to direct larger operations is there."

When asked what they liked least about large Corporations, managers, like the entrepreneurs, identified both the slowness of the bureaucratic system and Corporate politics. Corporate Managers also identified issues such as the under-utilization of talent and the lack of recognition and commitment to the individual. They indicated that it was easy to get lost in the "shuffle." In personal terms, some indicated that the corporate environment tended to force managers to adopt a "play-it-safe" type of role in order to avoid criticism. References were made to bureaucratic red tape by 17 (57%) of the respondents.

The Entrepreneur and his Business

The results in the following four sections relate

to the entrepreneurs only, as the managers have not, as yet made the decision for self employment.

Profile of the Business begun by Entrepreneurs in this Study

As can be seen in tables 9 and 10 businesses which the entrepreneurs in this study initiated, represent a wide range of business type and size.

Table 9

Type of Business

<u>Manufacturing</u>	<u>Hi-Tech</u>	<u>Consulting</u>	<u>Service</u>	<u>Merchandising</u>
5	1	7	13	4

Table 10

Number of Employees

<u>Less Than 5</u>	<u>5 - 15</u>	<u>16 - 25</u>	<u>26 - 99</u>	<u>100+</u>
12	10	2	4	2

An examination of Table 11 shows that most of these businesses were well established.

Table 11

Age of Business in Years

<u>Less than 2</u>	<u>2 less than 5</u>	<u>5 less than 10</u>	<u>10+</u>
7	6	11	6

The Decision for Self Employment

Only two of the thirty entrepreneurs believed that

there were precipitating factors, related to a particular event or stage in their life, which influenced the decision to start their business.

When asked to identify the most critical factors in reaching the final decision some said that the decision was forced on them through being fired or through early retirement. Some were frustrated with their careers at present and saw the future as being without promise. For some, it was the realization that they could do something well and could be doing it for themselves and not others. But for all of them, the most critical factor in reaching the final decision was a desire to be in control of their own destiny and the conviction that they could be successful.

Support Systems:

An attempt was made to identify support systems critical to the decision making process.

~~Twenty-two of the subjects~~ believed a mentor was important and identified people such as the following who fulfilled that role for them - partner, brother, friends, former business associates, and a family lawyer. The one female entrepreneur who was married, as well as the male entrepreneurs surveyed considered their spouses as a mentor.

Most had family support or at least no serious op-

position to the decision. However, three respondents said their parents were not in favour of the change and three said their wives really didn't see why they wanted to leave a "good" job to risk the unknown. Family support was considered essential to most and a joint decision was made. For the few who met resistance, the decision became a personal one. As one subject explained, "At the risk of sounding callous, you must follow your own instincts. Otherwise you are not an entrepreneur!".

The Reality of Self Employment

An attempt was made to examine issues such as family participation in the business and the importance of growth and development of the business for people who are self employed. Also entrepreneurs were asked what they liked most and least about self employment in order to identify any other issues which they considered important for maintaining an entrepreneurial role.

~~Family participation: All but four of the entrepreneurs~~ had family members directly involved in the business. For most, it was the spouse and/or children. For four individuals it extended to friends, father, brother, brother-in-law, sister-in-law and father-in-law.

Only three would actively encourage a child to come into the business as a career. Ten were not interested in the children joining them and the rest would welcome

but not encourage such participation. Many seemed aware of the problems involved in bringing children into the firm and told stories of unsuccessful attempts they know of. As one man stated, "the risk of failure is too great when children take over". The stories they cited were ones where the infighting of heirs to a business destroyed it. Also they believed that many shortcomings are overlooked in the case of a child and that children are often brought into a business because they are family members, even though they do not have the proper qualifications, thus putting the business at risk. Of the seventeen respondents who would welcome, but not necessarily encourage their children to join them, all agreed that the welcome would only be extended if the children's education and training qualified them for a position in the company. For the ten who did not want their children to join them, the reason most often expressed was that their company was their job and they expected their children to get their own jobs and possibly even their own companies.

Growth: The issue of growth is one that has received a lot of press because of the tendency of a small business to grow beyond the owner/founder's ability to control it and then to fail.

When asked how they felt about growth only four entrepreneurs believed it to be important. They believed that in order to achieve growth it would probably be necessary

to hire managers. They felt that there would be no threat to their Authority or Autonomy if they employed managers. Eleven respondents (37%) felt it was not important and fifteen (50%) believed that a managed growth was desirable. Most believed that autonomy should not be sacrificed to growth. In other words, for them, it was more important to remain in total control than to expand if that expansion required giving significant decision making authority to others.

When asked if they believed their personal characteristics and skills as an entrepreneur could readily be transferred to another type of business, twenty-nine said yes. One man explained that the important factor was the "instinct to manage change. It was irrelevant what business you are in!"

When asked to describe negative aspects of self employment twenty-two entrepreneurs mentioned things such as the paper work, worry about meeting the payroll, taxes, sometimes feeling isolated, the fact that there truly never is a break from the concern for their business. Three respondents indicated that it was impossible to go home at night and leave all cares and worry behind. Lack of financial resources was also a concern because without sufficient money, new projects could not be initiated. Three of the entrepreneurs were concerned about people related problems such as not liking having to collect money from late paying

customers or having to lay off staff.

Five entrepreneurs said there were no negatives.

As one explained:

"There is no least - I wouldn't do it any other way - Hell of a good time - no negatives."

Subjects were then asked what things they best liked about self employment. The answers included such benefits as autonomy, freedom, independence and higher profit levels. There was also a sense of pride of ownership and of accomplishment and status in the community expressed. For example:

"I feel better about myself than before in my life. I like being part of the small business community and don't regret the hours and the work."

"It offers the opportunity to be involved in the community and interact with other business people. It gives credibility and satisfaction."

"There is a pride of ownership of a successful business. I like to be my own boss."

"I sleep at night with no headaches. I don't worry about the next-in-line. My position is secure. I am free to travel and respected in the community."

Everyone interviewed agreed they had made the right decision to go into business for themselves and they would do it over again.

The Issue of Success

When asked "What criteria would you consider useful to judge success in your own business," many mentioned profit but never was this identified as profit for profit's sake. The object was to be able to run and improve the business and to maintain an acceptable life style. The following quotations show that what is important is:

"Financial independence with a suitable return is key."

"To be able to provide oneself with a standard of living that would allow the freedom to pursue other business opportunities and social services is important."

The other main criteria for measuring success concerned dealings with the industry, staff and clients and can best be understood from the following statements:

"It is important ... that your customers are satisfied, employees enjoy working for you and you have respect in the industry. Your company does something well and sticks behind it."

"... that you like what you are doing. That you are creating new opportunities and helping others on their way."

"... that your company services business community properly deal in fine products and represent them well. Provide work environment that is profitable, positive, and productive."

Twenty-five of the subjects considered their businesses totally successful, four said they were partially successful and one said it was too early to tell.

Semantic Differential Scales

The raw data generated by the semantic differential scales were compiled. Mean scores and standard deviations were produced for the entrepreneurs and the corporate managers which were used to develop profiles for the concept "perception of the entrepreneur." The profile is developed by charting these arithmetic means developed for each semantic scale onto a grid consisting of a series of seven point scales, together with their corresponding bi-polar adjectives. In this way, a separate profile is produced for each group on each concept. For purposes of inter-group comparison the concept profiles developed for each group of subjects were portrayed on common grids. As rated by the two groups, Figure 4 charts these mean scores on its appropriate scale.

Table 12

Mean Scores - Perception of the Entrepreneur

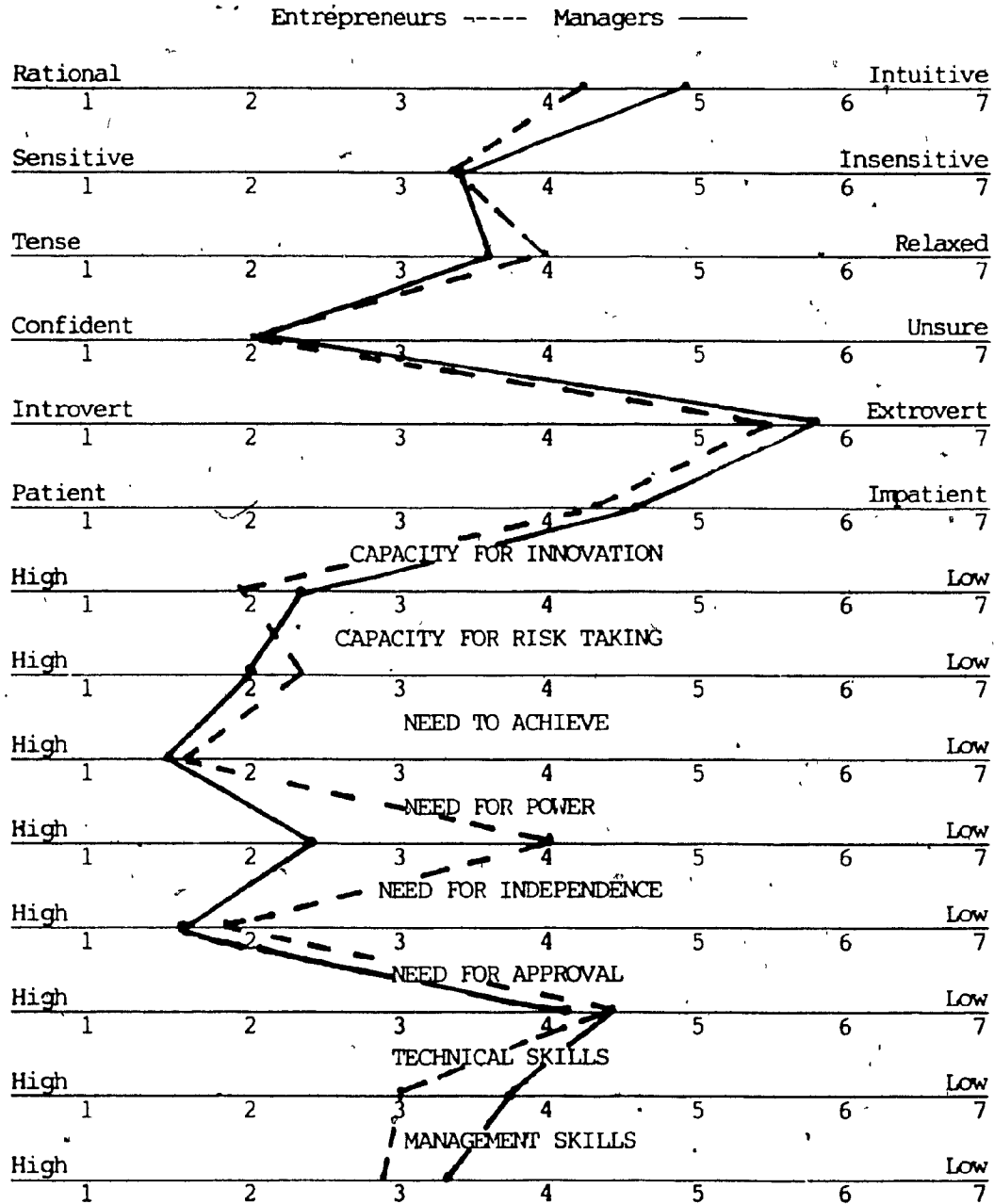
	<u>Entrepreneurs</u>		<u>Managers</u>	
	<u>Mean Score</u>	<u>Standard Deviation</u>	<u>Mean Score</u>	<u>Standard Deviation</u>
Rational	4.3	1.5	4.9	1.2 Intuitive
Sensitive	3.5	1.5	3.5	1.5 Insensitive
Tense	3.9	1.5	3.7	1.3 Relaxed
Confident	2.0	1.1	2.0	1.0 Unsure
Introvert	5.5	1.1	5.8	.7 Extrovert
Patient	4.4	1.7	4.7	1.3 Impatient
High Innovation	1.9	.8	2.2	.9 Low Innovation
High Risk	2.2	1.4	2.0	.8 Low Risk
High Achievement	1.7	.8	1.6	.8 Low Achievement
High Power	4.0	1.7	2.5	1.4 Low Power
High Independence	1.8	.7	1.6	.6 Low Independence
High Approval	4.5	1.6	4.2	1.8 Low Approval
High Technical	3.1	1.2	3.7	1.1 Low Technical
High Management	2.9	1.4	3.3	1.1 Low Management

When Figure 4 is examined, it can be seen that only small differences exist between the perceptions of the entrepreneurs and the managers on most of the scale dimensions.

Since differences of "as small as one half of a scale unit are significant at the five percent level," it was necessary to determine which scales produced significantly different responses.¹

FIGURE 4
PERCEPTION OF THE ENTREPRENEUR

It is not at all clear exactly what skills, characteristics and needs best define the entrepreneur. Keeping in mind entrepreneurs whom you know, please circle the number in the scale which most closely describes your perception of the entrepreneur.



While this study was exploratory in nature and the selection of samples could not be considered a truly random process, "t" tests were performed on the resulting data. These statistical tests were carried out more as an aid to making decisions about meaningful differences, rather than to imply that these differences will be reflected in the general population of managers and entrepreneurs.

Two tailed "t" tests were performed, since no prediction was made about which mean was smaller or larger. At the five percent level of significance, only one scale was identified as potentially being statistically significant. This was the issue of "Need for Power" as a defining characteristic of the entrepreneur ($t = 3.69$, $d.f. = 56$, $p = .001$).

FOOTNOTES - CHAPTER FIVE

¹Charles E. Osgood, George H. Suci, and Percy H. Tannenbaum, "The Measurement of Meaning" in Semantic Differential Techniques by James G. Snider and Charles E. Osgood, (Chicago: Aldine Publishing Company, 1969) p. 79.

CHAPTER SIX

DISCUSSION

This research project has generated a considerable amount of information. The discussions in the preceding chapter show that certain issues stand out clearly as being important to our better understanding of the entrepreneurial process and the decision to engage in it.

In order to have a meaningful discussion, it is best to examine first what we know of the entrepreneur based on the perceptions of both entrepreneurs and corporate managers. This will be followed by a discussion of the critical factors involved in the assumption of the entrepreneurial role. Differences between the two groups will also be examined.

THE ENTREPRENEUR

Because this research used two groups of subjects, we have views of the entrepreneur which agree in many aspects and differ in some interesting aspects. These views are augmented by the personal observations of the interviewer.

An examination of Table 8 (page 83) is both useful and revealing. Both groups identify the entrepreneur as a skillful, results oriented innovator with a strong sales ability and the ability to manage change.

Based on the characteristics they identified, both groups agreed that entrepreneurs are leaders. An examination of the characteristics in Table 7 (page 82) indicates that this is a very positive type of leadership - a leader who is creative, steadfast, energetic, self-confident, and self-motivated. These characteristics are noteworthy because of their totally positive nature. By examining those characteristics which were articulated by the entrepreneurs but not the Corporate Managers, we add further to this positive view. The surveyed groups of entrepreneurs perceived "the entrepreneur" as an individual who is optimistic, adventurous and realistic.

Our perception of the entrepreneur is further developed by considering the additional descriptions provided by the group of Corporate Managers which was surveyed. These relate a perceived aggressiveness and a high level of ambition in the entrepreneur. These traits are presented as characteristics sixteen to nineteen in Table 7 (page 82). The Managers describe a very competitive person with a "large ego" and a high need for power, who is totally devoted to work and motivated by money and material possessions. There is little emphasis on job security and little concern for others. It is clear that the two groups differ significantly in their perceptions of the entrepreneurs' level of aggressiveness, sources of motivation and need for power. It would seem that while entrepreneurs are perceived by others to be very aggressive, motivated

by money, material goods and power, the entrepreneurs do not recognize these traits in themselves. This may possibly be attributed to a "blind-spot" in the entrepreneur's perception of himself because possibly they simply don't recognize aggressive tendencies in themselves. Conversely, what others view as assertiveness and aggressiveness, may in fact be what entrepreneurs view as optimism, achievement orientation, a sense of adventure, independence and a high energy level in themselves.

To this picture, we must add a further dimension. This one was developed from personal observation at the time of the interview. Talking to these entrepreneurs it became very clear that these people have a very positive, emotionally healthy view of the world. They are articulate, possess a sense of urgency, have a keen outlook on life and a control of their business and environment that emphasized "creativity" and "skills" both analytical and coping "foresight" and "ingenuity" in the pursuit of results were also highlighted. Interestingly these personal observations were supported by the way in which the entrepreneurs responded to the questionnaire and their actual answers they provided. For example:

"I have made much more money but what is more important I am able to try many things I wouldn't have been able to and I can provide employment for others."

"I feel that I can contribute to and be part of the small business community. This independent, self-reliant life has been wonderful for my family."

"Flexible hours allow me to devote time to the activities of my Church which are very important to me."

Two values were also identified. One was strong personal work ethic and the other was a pride in being able to provide jobs for others. In terms of needs, what stands out clearly is the notion that these business people need to be their own boss and in doing so, prove their self-worth. They manifest a strong desire to succeed but on many levels.

Another dimension of entrepreneurial personality emerges when you examine the criteria for success articulated by the entrepreneurs in this study. All wanted to make a profit but this was far from the only measure of success. In fact, although important, it was not sufficient to define success only in this way. What emerged was a person concerned for the image of his company, the satisfaction of clients and the well being of staff, hard working but strongly aware of family and community. This appears to be at odds with the notion put forth by some of the managers, that entrepreneurs are motivated only by money and material goods and that they are aggressive and self-serving.

To understand why these two perceptions exist, it

is useful to refer to Webster's article. His work stands alone in its attempt to categorize entrepreneurial type. For example, his "independent" entrepreneur ... the risk creators, loner with his fear of accepting advice from "outside people" would correspond to entrepreneurial characteristics identified by Kets De Vries and Feinberg ... the workaholics and the social misfits who also distrust "outside experts." Both would conform to the workaholic, money orientated, aggressive image portrayed by the managers.

Clearly this research did not identify those personality types and does not support the notion of the entrepreneur as a marginal person in any way. This is, I believe, a most important finding of this study and one not identified in the literature either popular or academic. Webster comes close in his discussion of the administrative and small business owner groups. Both have orientations that are managerial with emphasis on building an organization which will provide them with long-term autonomy not simply a "quick buck."

Risk Taking and Innovation

From the time of Cantillon to the present day, the entrepreneur has been defined by his ability to be innovative and to operate with high levels of risk. Therefore the findings of this paper are noteworthy. Reference to the results section will show that six of the entrepreneurs said that they were not risk takers, nine said yes but

to a very limited degree, and fourteen gave a qualified yes.

All of them believed that any risk they took was well thought out and planned so that the business was never put at risk. Unqualified risk is just not an issue with the thirty entrepreneurs interviewed, even though twenty believed that risk taking should be a defining characteristic of the entrepreneur. A particularly interesting comment by one of the entrepreneurs sheds light on this issue. He believed that there were "degrees of risk" and "degrees of entrepreneur." Based on his belief that he took no exceptional risk he believed that he was not an entrepreneur.

As twenty-three of the entrepreneurs believed that they took some risks and as an uncertain market makes risk unavoidable, we might conclude that risk-taking is still a valid defining characteristic of the entrepreneur. However the results of this research suggest that it is not simply the ability to take on risk, including the risk of failure, that characterizes the entrepreneur. Risk to these subjects was not some uncontrollable force. Risk was not perceived to be a problem because it could be managed so as not to ever threaten the survival of the business. This ability to assess and manage risk was a dominant feature of this research. In fact so secure were they in this belief that six of the entrepreneurs said they

"were not" risk takers at all!

For twenty-eight of the corporate managers risk was risk with no qualifications and no suggestion of management of risk which makes the whole area even more interesting and certainly more critical for anyone who hopes to assess the potential suitability of a person for an entrepreneurial role. In other words, it would seem that if risk taking is to be a useful measure of entrepreneurial talent then some measures of the ability to deal with risk and uncertainty will have to be developed.

All thirty entrepreneurs believed themselves to be innovators to some degree. Yet thirteen believed that it was not an essential characteristic for an entrepreneur, as some businesses would not require innovation. The corporate group split down the middle on this question with half believing that innovation was a defining characteristic of the entrepreneur and half believing that it was not important. It would appear that innovation is one of the defining characteristics of the entrepreneur identified in this study.

The Decision

In terms of the decision to begin self employment, it is clear from the data that a particular type of entrepreneur has been identified. These are mature individuals who bring to their businesses a wide range of experience

and strong management skills. They are careful and thoughtful individuals who do not take lightly the decision for self employment. The most critical factor in the decision was the strong need to control their own destiny and beyond that, unshakable conviction that it could be done successfully.

With reference to the actual initiation of a business venture, the findings support the notion of Brockhaus' "push theory." For most of the entrepreneurs interviewed, the decision to leave the old environment had a greater influence than did any idea of an opportunity too good to miss. Even though there was obviously a pull towards self employment as opposed to moving to another large company, the most important factor for these subjects was the "need" to get away. They would not have started their businesses if they had been satisfied with their corporate environments. In fact, for twenty-three (77%) of the entrepreneurs interviewed, the decision to leave the old environment was the significant factor influencing the decision to start their businesses. Of these twenty-three, ten were out of work and thirteen left because they were unhappy with the present work situation or with its future prospects, as the following quotations clearly show:

"The job was boring so I quit and the second job was worse."

"I was concerned with my long-term prospects with my employer and was convinced that I had a good enough shot at making this business a success."

"I was president of my company with nowhere else to grow."

The other seven entrepreneurs started their businesses for a variety of reasons. Two were presented with "opportunities too good to miss." The others, because of a strong desire to have their own business, actively sought out business opportunities, as one of them explained:

"I have a long term desire to work for myself. I knew the business and knew what I did for others I could successfully do for myself."

However, this does not, on its own, explain why they were not "pushed" into another corporate environment. Self employment is a much larger issue than job dissatisfaction. "Push" and "pull" can and do operate together and should not be viewed as alternative forces. Much more research is needed into the "pull" aspect. In other words, what factors make the self employment option more attractive and viable than the option to change companies.

Support

It was expected that support from family and business partners, would be instrumental in the final decision for self employment. In fact, this seems to be the case, as there was almost unanimous agreement that family support was essential. The three who said it wasn't essential had met opposition from wife/family. They agreed that support would have been better but lack of it would not stop them. At the time of the interviews, all of the

entrepreneurs were in strongly supportive home environments.

Dynasty of Empire

The notion of "founding a Dynasty" was examined by asking entrepreneurs if they would actively encourage a child to join them in their businesses. This idea was examined in order to establish whether building a business to pass on to future generations was a consideration when starting a business. This research showed that the business ventures in the study were designed to provide a livelihood for the founder not for posterity. Only three of the entrepreneurs surveyed would actively encourage a child to join them.

It was also not the intention of the majority (twenty-six) of these entrepreneurs to "found an empire." To examine this notion they were asked how they felt about growth for their companies and was it important to them. To most of them growing bigger was not all that important. All have well thought-out and well articulated views on growth. They range from "going public" to a deliberate reduction in staff to restrict growth. Most however agreed some form of "managed" growth was acceptable, always keeping in mind the protection of the business and the protection of their own autonomy.

The findings concerning starting a business tend to follow the literature in many respects. The model proposed by Powell and Bimmerle, as seen in Figure 2 (page

39) lists many characteristics that were identified in this study. This study also confirmed the importance of precipitating factors such as dissatisfaction and opportunity. Powell and Bimmerle also list "initial encouragement" as a third precipitating factor. This study did not find this factor relevant. Encouragement for the entrepreneurs in this study came after a preliminary decision to become self employed had already been made. None of these entrepreneurs received any initial encouragement to start a business. In fact, two of the entrepreneurs who had self employed parents were discouraged by the parents from taking this step. It is possible that for other groups of entrepreneurs this factor could be a significant one.

Comparison of the Work Habits and Perceptions of Entrepreneurs and Corporate Managers

The two groups of subjects were chosen for this study because they provided an excellent means to identify factors essential to the decision for self employment. Both groups came from similar corporate backgrounds. The difference between them was that the members of one group were functioning as entrepreneurs and the members of the other group were "would be" entrepreneurs, i.e. they had expressed an interest or desire for self employment, but had not taken the step. The challenge was to assess why the members of one group actually made the decision for self employment while members of the other group have not.

In other words, is it possible to identify characteristics of entrepreneurs which if possessed by corporate managers would identify them as likely to initiate self employment.

Many similarities were found between the groups. An examination of Table 1 (page 73) will show that age is one of these similarities.

The work patterns in their youth look similar for both groups except that six of the entrepreneurs ran businesses of their own when at school, while only two of the corporate managers initiated self employment as students. These differences however would not seem to be an indication of strong entrepreneurial tendencies in later years as an examination of Table 13 shows:

Table 13

Number of Entrepreneurs and Corporate Managers who
Had Work Experience as Children and Youths

	<u>As Children</u>	<u>Youth/others</u>	<u>Youth/self</u>
Entrepreneurs	23	19	6
Corporate Managers	22	22	2

In terms of hours spent at the current work, it is only in the "above 61 hours/week" category which shows a large difference between the groups. An examination of Table 5 (page 76) shows that thirty-seven percent of the entrepreneurs spend over sixty-one hours per week at work, while only seventeen percent of the corporate

managers spend that much time. This very likely indicates necessity rather than a desire to spend the extra time. Many of the subjects worked alone or with small staffs and of necessity had to fill a number of roles.

An examination of Table 6 (page 77) will show that twenty-seven percent of the entrepreneurs enjoyed work more than anything else in their lives, while seventeen percent of the managers felt that way about work. These differences are not likely to be significant. The interesting observation to be made from this Table is that seventy percent of the entrepreneurs and eighty percent of the corporate managers enjoy work to the same extent as other things. This finding calls into serious question the notion of the entrepreneur as a "workaholic."

When compared on attitudes toward self employment, the corporate managers articulate "perceived" benefits that correspond closely with the "actual" benefits realized by the entrepreneurs. An examination of pages 78 - 81 shows that for both groups these benefits are autonomy, satisfaction and increased financial rewards. When starting their careers twenty-three percent of the managers and forty-seven percent of the entrepreneurs seriously considered self employment. Entrepreneurs did not follow through at that time, because of lack of capital and lack of experience. These two concerns were also articulated by the managers but they also mentioned low initial income.

lack of personal time and lack of security. These differences are of interest because managers expressed less of an inclination to take a risk by including the three extra concerns, one of which is lack of security.

Entrepreneurs and corporate managers agreed on a wide range of benefits and problems which arise when working for large corporations. A main difference was that "the opportunity for upward mobility was recognized as a benefit by twenty-seven percent of the corporate managers but not by the entrepreneurs." Bureaucratic red tape was seen as a negative feature of large corporations by fifty-seven percent of the managers and only two percent of the entrepreneurs, who had a much wider and more specific range of concerns.¹ For example, thirty percent of the entrepreneurs expressed concern for lack of autonomy and lack of actual control of their environments, as the following quotations demonstrate:

"The main problem with large corporations is: ... lack of control, lack of freedom. You are told what projects to work on. ... answering to someone ... that I am constrained by the wishes of others and lose my independence."

Only ten percent of the corporate managers discuss lack of autonomy. Their responses to the question "What do you like least about large corporations?" follow:

"... the limited decision making delegated to middle management levels."

"... it is difficult, at times, to get new

projects started."

"... what seems like a frequent need to compromise vs following your own thought."

Table 14 indicates how frequently certain key negative characteristics of bureaucracy were mentioned.

Table 14

Frequency of Negative Characteristics of Bureaucracy stated by Respondent (in%)

	<u>Entrepreneurial Group</u>	<u>Corporate Group</u>
Bureaucratic red tape	2%	57%
Lack of Autonomy/Control	30%	10%
Loss of identity	0.7%	23%
Politics	1%	17%

For the entrepreneur, lack of control is key. Issues such as bureaucratic red tape, loss of identity and corporate politics are the key issues for the corporate managers. Perhaps until these bother the managers to the point where their level of concern over loss of autonomy and control is raised we cannot expect that they would make a move to self employment.

The issue of education for an entrepreneurial role is of interest to both business and universities, at present. Therefore this study did attempt to assess this relationship between education and entrepreneurship. The entrepreneurs who took part in this study were very well

educated with sixty percent having at least an undergraduate degree. This percentage rose to seventy-three for the corporate group. It would therefore appear that education will not be useful to predict whether a corporate manager with some interest in starting a business will actually start one. The findings do however support the view of Coffey and Herrman that formal education "can contribute to entrepreneurial success." Seven in each group had post graduate degrees. In the corporate group this was six degrees in business and one in English. In the entrepreneurial group, the post graduate degrees covered a wider range with only three degrees in business, one in physics, two in engineering and one in medicine. This finding would seem to be in line with the view of Merrill and Douglas that in an entrepreneurial role, business school graduates are not as successful as other college majors.

It is of interest to note that entrepreneurs themselves believed that their success as entrepreneurs rested heavily on experience and some "basic talent."

It was the overwhelming belief of both entrepreneurs and managers that education combined with experience were essential components for success. In this view they lend support to the importance of the Coffey/Herrmann model for entrepreneurial education. They also firmly believed that there are certain innate characteristics such as

independence and self-motivation which cannot be taught. In this view, they are in agreement with many faculty members of top business schools.

Based on this research it would not be difficult to make a case for parent's self employment being useful in predicting the assumption of a similar status by the children, as 43% of the entrepreneurs had self employed parents. Twenty-three percent of the managers had self employed parents which might account in part for the interest of members of this group in the possibility of starting a business at some time.

Scales

One scale for the concept "perception of the entrepreneur" was significant. It was "need for power." Corporate Managers perceived that the entrepreneurs have a high need for power as illustrated in figure 4 (page 99). The entrepreneurs did not consider that they had a need for power. Perhaps the corporate managers response reflects their view of the entrepreneur as ambitious and aggressive. The entrepreneurial response on the other hand supports McClelland's contention that it is the need to achieve not the need for power that best defines the entrepreneur.

In summary, then, many of the proposed assumptions for this research project are supported. Today's entrepreneur is innovative, and he is a risk taker; but because

this risk is controlled he cannot be considered an outright gambler. An examination of the list of other assumptions that this research was expected to support shows that not all these expectations were met;

- have a high need to achieve - supported.
- work long hours - supported.
- enjoy work more than other things in their lives - not supported.
- express a great need for autonomy - supported
- manifest a work ethic - supported, although work did not consume their lives.
- dislike bureaucracy - supported.
- be well educated but also consider experience essential - supported.
- distrust outside experts - not supported.
- be independent and not need a great deal of family support - not supported. Family support was considered essential to success. However lack of support for the initial decision would not stop a "true" entrepreneur.
- encourage children to join in order to perpetuate the business - not supported.
- have come from entrepreneurial families and have demonstrated entrepreneurial tendencies in their youth - not supported.

CHAPTER SEVENCONCLUSIONS

Since this study was initiated, there seems to have been a renaissance or revival of the entrepreneurial spirit. Increasing numbers of individuals are making the decision to start a business of their own. As well, the topic of the entrepreneur has come into vogue in many business periodicals and academic journals. What is being written, tends to maintain a very traditional view of the entrepreneur and his/her characteristics and skills. This may well be an over-simplification of a very complex issue.

In carrying out this study, the intent was to encompass as wide a range of concerns and issues relevant to the entrepreneurial process as was possible. What emerged from this study was a profile of the entrepreneur which was somewhat at odds with much of the literature and traditional beliefs.

The entrepreneurs in this study stated that they did not: live for work alone, have money as his/her sole motivator, plan to build a dynasty or empire, despise the large corporations from which they emerged, nor did they demonstrate or perceive a high need for power. ✓

This study has demonstrated a wide range of characteristics and skills attributable to the entrepreneur. These entrepreneurs appear to be emotionally healthy indi-

viduals, with strong concerns for their families, employees and the communities in which they live. They are seen to be capable individuals, skillful at marketing, managing change, negotiating and coping with failure. In their own assessment, the entrepreneurs are leaders who are strong, independent, creative, optimistic, steadfast and energetic.

Of major significance, is the issue of the need for power. In short, the corporate managers surveyed in this study outlined a perception of the entrepreneur as an individual with a high need for power. This perception was not supported by the views of the entrepreneurs themselves. In their self image, the need for power was not a relevant force or a defining characteristic. Clearly, this points to a possible discrepancy between the stereotype of the entrepreneur and the reality which is perceived by these individuals. This could be the subject of further worthwhile research.

One of the objectives of this research was to identify factors which entrepreneurs believed were essential to making the actual decision for self employment. In this study dissatisfaction with the larger corporate environment was an important precipitating factor. Findings support the Brockhaus "push theory" in that these entrepreneurs were more often driven or pushed from their corporate origins rather than being presented with a business

opportunity that was too good to miss. Another precipitating factor was a strong need for autonomy and to have control of their own destiny. It is possible that this need for autonomy is what "pulls" them towards the option for self employment rather than moving to another corporate environment.

The research presented here specifically used two groups of corporate managers. One group had actually started businesses the other had not, although they had a wish to. The hope, in using these particular groups, was to identify different perceptions, backgrounds or work habits which might suggest what it is that does identify entrepreneurial talent and potential and thus leads to a decision to become self employed.

What was demonstrated, was almost total agreement on the perception of the value of work in their lives. Profiles in terms of age, work habits in youth and family background were similar. The only major difference was in amount of time spent at work. Thirty-seven percent of the entrepreneurs spend over sixty-one hours a week, while only seventeendn percent of the corporate managers devote this much time. This, in all likelihood, only reflects necessity and not desire on the part of the entrepreneurs in that they often must do many different jobs to keep the business going.

However there are two very real and important dif-

ferences between the groups. One is the issue of managed risk. Entrepreneurs do not, for the most part, consider themselves personally as risk takers because they "know" that the degree of risk is minimal and acceptable because they have managed it to be so. For the corporate manager, on the other hand, "risk" is a "bogeyman." It is what holds many of them back. A number of respondents said that they would really love to start a business, if there were no risk involved.

The other major difference is one that has been identified many times when discussing the entrepreneur in this paper. Entrepreneurs have a very strong need to control their own destiny, and just as strong a belief that they can do it. The corporate managers interviewed did not demonstrate this same drive.

These differences then suggest a direction for assessing entrepreneurial potential. One is a measure of a person's need for control of his own destiny, along with an assessment of his belief in his ability to be successful. Finally, although a good entrepreneur must possess an ability to accept risk, this notion alone may not be sufficient as a defining characteristic of the entrepreneur. What is needed is a clearer understanding of how an entrepreneur perceives, assesses and manages risk and how he actually behaves in concrete situations.

A further, very relevant issue relates to the poten-

tial role of universities in developing future entrepreneurs. A new discipline has emerged in many business schools to focus on the development of small business management skills. But many faculty members responsible for this development hold the view that there are some very essential but innate entrepreneurial characteristics that cannot be taught. One could debate whether or not it really is the responsibility of business schools to produce future entrepreneurs. Perhaps their responsibility is best restricted to imparting the basic financial, management, marketing and other skills necessary to run an independent business.

Both entrepreneurs and the corporate managers surveyed in this study fully support this position. Entrepreneurial skills and characteristics can be enhanced and further developed, but they cannot be taught where they do not exist. Where the tendencies and skills do exist, they most certainly can be enhanced by further academic training.

The challenge for the future then becomes how to identify individuals with the requisite entrepreneurial talent and potential, who will most benefit from these programs and how best to develop this potential. But how is this to be done? To begin with, further research is needed in order to clarify and validate what character traits, needs and skills best define the entrepreneur.

Once these are established some form of evaluation

and assessment would be useful in order to determine whether the needs, goals and expectations of the potential entrepreneur are consistent with what is likely to be found in an entrepreneurial situation.

Another potentially valuable tool to developing entrepreneurial talent would be some form of assessment centre where the entrepreneurial role must be played in a simulated business situation. The advantages of a good support system and available resources to encourage and reassure would-be entrepreneurs would be invaluable. Perhaps this is a role the university could fill. Programmes such as small business consulting services in business schools expose students to the real life problems in a small business environment. These should be further expanded. They are not only of great benefit to the potential entrepreneur (student) but also provide support to practicing entrepreneurs with limited resources. One of the entrepreneurs in this study used such a service and found it most helpful. Apprenticeship programmes for University students which would allow them to work in a small business setting would also be of value.

It may be that practicing entrepreneurs, with corporate backgrounds are a unique type of entrepreneur, who differ somewhat from the traditional entrepreneurial mold or they may exemplify a more contemporary picture of entrepreneurial ability. Whichever is the case, it

is important to know more about them. They are an ever increasing group and they are successful. They are the entrepreneur of the future.

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APPENDIX ASTATEMENT TO SUBJECTS

This study is concerned with the factors which lead an individual to make the decision to leave a corporation in order to become self-employed.

All personal data will be treated with utmost confidentiality. The final research document will not use names of individuals or companies.

It is your right to terminate this interview at any time.

QUESTIONNAIRE DEVELOPED BY JUDY GREEN
FOR STUDY OF THE ENTREPRENEUR:
THE DECISION FOR SELF-EMPLOYMENT

Interview No.:

Date:

Time Begun:

Time Ended:

Interview Time:

Name:

Company Name:

Address:

Present Business Role

Before we talk about your decision to work for yourself, could you tell me briefly about your present business organization.

1. What type of business are you in?
Sole ownership _____
Partnership _____
Other _____
Products or services offered _____

Markets served (local, Canadian, North American, International) _____
2. How old is your business? _____
3. How many employees work for your organization:
Full time _____
Part time _____
Temporary _____
4. What is your present position and how would you describe your responsibility? _____

5. Approximately how many hours a week do you devote to your business? _____

6. Do you believe this to be more than, less than, or about the same as other business owners? _____

- 7. Is this amount of time greater than, less than or the same as you would devote to your job, if you were employed by someone else? _____

- 8. Relative to the other things that you do, to what degree do you enjoy the time you spend at work?
I enjoy it more than anything else _____
I enjoy it about the same as the other things I do _____
I enjoy it least _____

Factors Relating to Initial Decision to Become Self Employed

- 9. How long did you work for someone else before becoming self employed? _____

- 10. What types of businesses were you involved in? _____

- 11. What was your position in the last company? _____

- 12. When you first started to work did you consider the possibility of self employment? _____

- 13. If yes, why did you not pursue it? _____

14. How long had you considered self-employment as a viable option for yourself? _____

15. What factors were most important in the final decision to go into business for yourself? _____

16. Was this decision concurrent with any personal factors or changes in family circumstances? (e.g. birth of children, relocation, etc. - stages) _____

17. How old were you when you decided to become self employed? _____

18. How did you decide on this particular business?

19. What, if any, alternative businesses did you consider?

Support Systems: Family History and Interactions

20. Mentors are considered very important to the success of corporate managers. Are mentors important in establishing a small business? _____

21. Do you consider that you have a mentor? _____

22. If yes, what is the relationship of this person to you? _____

23. When you were growing up, what were your parents main occupations?

	<u>Mother</u>	<u>Father</u>
1) Professional	_____	_____
2) Business owner, operator	_____	_____
3) Managerial	_____	_____
4) Clerical	_____	_____
5) Manual	_____	_____
6) Homemaker	_____	_____

*Note: If business owner, please be specific.

24. Did parents or other family members pressure, support or encourage you to set up your own business? Please give details. _____

25. To what extent were your immediate family members (spouse, children) involved in your initial decision to become self employed? _____

26. What concerns did they have and how did you deal with them? _____

27. To what extent should a person's family be involved in a decision to work for himself? _____

28. Are any of your family members directly involved in your business? _____

29. If yes, in what capacity? _____

30. If no, do you hope that they will be at some future date? _____

31. Would you actively encourage your child to work with you? _____

Why? _____

Why not? _____

32. To what extent is your family influenced by your decision to be on your own? _____

33. To what extent is your own success in your business dependent on your family? _____

Early Socialization and Education for an Entrepreneurial Role

34. Education level completed:

- a) Primary school only _____
- b) Some High school _____
- c) High school _____
- d) Community College (certificate obtained) _____
- e) Some university _____
- f) Undergraduate degree (specify) _____
- g) Post graduate (specify) _____
- h) Other (specify) _____

35. How do you feel your education prepared you for the role you now fill? _____

36. How did your parents view your education?

- 1) Learning is important for its own sake, makes you more cultured, enriches your life, etc. _____
- OR 2) Learning is primarily a means to an end, geared toward particular occupations or skills, etc _____
- OR 3) Both equally important _____
- OR 4) Other, specify _____

37. What do you see as the purpose of education for yourself? _____

 For your children (if applicable)? _____

38. Have you pursued any educational or training programmes since going into business for yourself? Please specify _____

39. As a young child, did you regularly carry out work activities for which you were paid (lemonade stand, newspaper route, etc.)? _____

40. Did you hold any part time jobs or participate in any business ventures during your later school years? Please detail types, roles, etc. _____

Definition of the Entrepreneur

41. How would you define an entrepreneur? _____

42. What are his/her most important personality characteristics?

Values _____

Attitudes _____

Needs _____

Expectations? _____

43. What specific skills should an entrepreneur possess?

44. Do you believe that your personal characteristics and skills as an entrepreneur can be readily transferred to another type of business? _____

45. Do you believe that entrepreneurial abilities can be taught effectively? _____

46. How should this best be accomplished? _____

47. Are there any aspects that cannot be taught? Specify.

Risk Taking and Innovation: (Autonomy vs. growth)

48. How important are new products and procedures to your business? _____

49. Do you actively pursue new methods? _____
How? _____

50. Do you consider yourself an innovator in your business?

51. Do you believe that you must be an innovator to be an entrepreneur? _____

52. What risks are involved in operating your business:
Financial? _____

Other? _____

53. Are these risks:
Yours alone? _____
Shared with partners? _____
Shared with financial institutions? _____
54. Do you consider yourself a risk taker? _____

55. Do you think that risk taking should be a defining characteristic of an entrepreneur? _____

56. How would you rank the following objectives in relation to your business?

Growth _____

Profitability _____

To be autonomous _____

Is there anything else which would be applicable in your case? _____

57. How do you feel about growth? _____

Issues and Attitudes Relating to Large Corporations:

58. What does your own business provide for you that a larger organization would not, i.e. working for someone else? _____

59. Are there issues that are important to you that large corporations are not responsive to? _____

60. What do you think the attitudes of the following are concerning the independent businessman?

- a) Big business _____

- b) The government _____

- c) Financial institutions _____

- d) The public _____

61. To what extent does each help or benefit from small business? _____

62. In terms of values and business ethics, how would you compare independent businessmen to their counterparts in large business organizations? _____

63. What do you like most about large corporations? _____

64. What do you like least about large corporations? _____

65. Would you even contemplate returning to a business environment where you worked for someone else?

66. If you did return, what obstacles, if any, would you face?

67. There is a strong belief in the business community that in order for large corporations to be successful in today's market, they must make use of entrepreneurial talent. Do you think an entrepreneur can operate in the environment of a large corporation? Elaborate.

68. Could you? If so, how would the business have to be organized?

69. Do you think that decentralization and giving managers autonomy over a division makes them entrepreneurs?

Success and Self-fulfilment:

70. What criteria would you consider useful to judge success in your own business? _____

71. To date, to what extent do you judge your business a success? _____

72. Would you consider developing a new business? _____

73. If yes, under what circumstances and what type of business? _____

74. What do you like best about being self-employed?

75. What do you like least about being self-employed?

76. Has your life changed because of the decision to work for yourself? _____

77. If yes, how? _____

78. In relation to this, do you believe you made the right decision? _____

79. Sex _____

80. Age: Under 30 _____

30 - 39 _____

40 - 49 _____

50 - 59 _____

60 - 65 _____

over 65 _____

APPENDIX B

The objective of this study is to identify factors which may be important to the Entrepreneurial process.

Interviews are being held with two groups of individuals, those who are self-employed and those who are managers of corporations.

All personal data will be treated with utmost confidentiality. The final research document will not use names of individuals or companies.

It is your right to terminate this interview at any time.

QUESTIONNAIRE DEVELOPED BY JUDY GREEN
FOR STUDY OF THE ENTREPRENEUR:
THE DECISION FOR SELF-EMPLOYMENT

CORPORATE GROUP

Interview No.:

Date:

Time Begun:

Time Ended:

Interview Time:

Name:

Company Name:

Address:

PRESENT BUSINESS ROLE

1. How many years have you worked for your present company? _____

2. What is your present position and how would you describe your responsibility? _____

3. Approximately how many hours a week do you devote to your work? _____

4. Is this amount of time greater than, less than or the same as you would devote to your job, if you were in business for yourself? _____

5. Relative to the other things that you do, to what degree do you enjoy the time you spend at work?

I enjoy it more than anything else _____

I enjoy it about the same as the other things I do _____

I enjoy it least _____

6. When you first started to work did you consider the possibility of self employment? _____

7. If yes, why did you not pursue it? _____

8. Under what circumstances would you consider starting your own business? _____

9. Were either of your parents self-employed? _____

10. Have parents or other family members pressured or encouraged you to set up your own business? Please give details. _____

11. If you were to consider self-employment, to what extent should your family be involved in the decision? _____

12. If you were self-employed, would you actually encourage family members to work with you? _____

13. What do you think that you would like best about being self-employed? _____

EARLY SOCIALIZATION AND EDUCATION FOR AN ENTREPRENEURIAL
ROLE

14. Education level completed:

- a) Primary school only _____
- b) Some high school _____
- c) High school _____
- d) Community College (certificate obtained) _____
- e) Some university _____
- f) Undergraduate degree (specify) _____
- g) Post graduate (specify) _____
- h) Other (specify) _____

15. Do you feel your education would be an adequate preparation for self-employment? _____

16. How did your parents view your education?

- 1) Learning is important for its own sake, makes you more cultured, enriches your life, etc. _____
- OR 2) Learning is primarily a means to an end, geared toward particular occupations or skills, etc _____
- OR 3) Both equally important _____
- OR 4) Other, specify _____

17. Do you agree with this view of education, for yourself? _____

For your children (if applicable)? _____

18. As a young child, did you regularly carry out work activities for which you were paid (lemonade stand, newspaper route, etc)? _____

19. Did you hold any part time jobs or participate in any business venture during your later school years? Please detail types, roles, etc. _____

DEFINITION OF THE ENTREPRENEUR

20. How would you define an entrepreneur? _____

21. What are his/her most important personality characteristics? _____

22. Do you believe that entrepreneurial abilities can be taught effectively? _____

23. How should this best be accomplished? _____

24. Are there any aspects that cannot be taught? Specify

25. Do you believe that a person must be an innovator to be an entrepreneur? _____

26. Do you think that risk taking should be a defining characteristic of an entrepreneur? _____

27. What do you like most about large corporations?

28. What do you like least about large corporations?

29. There is a strong belief in the business community that in order for large corporations to be successful in today's market, they must make use of entrepreneurial talent. Do you think an entrepreneur can operate in the environment of a large corporation? Elaborate. _____

30. Do you think that decentralization and giving managers autonomy over a division makes them entrepreneurs?

31. Sex _____

32. Age: Under 30 _____
30 - 39 _____
40 - 49 _____
50 - 59 _____
60 - 65 _____
over 65 _____

APPENDIX CPERCEPTION OF THE ENTREPRENEUR

It is not at all clear exactly what skills, characteristics and needs best define the entrepreneur. Keeping in mind entrepreneurs whom you know, please circle the number in the scale which most clearly describes your perception of the entrepreneur.

Rational							Intuitive
1	2	3	4	5	6	7	
Sensitive							Insensitive
1	2	3	4	5	6	7	
Tense							Relaxed
1	2	3	4	5	6	7	
Confident							Unsure
1	2	3	4	5	6	7	
Introvert							Extrovert
1	2	3	4	5	6	7	
Patient							Impatient
1	2	3	4	5	6	7	
CAPACITY FOR INNOVATION							
High						Low	
1	2	3	4	5	6	7	
CAPACITY FOR RISK TAKING							
High						Low	
1	2	3	4	5	6	7	
NEED TO ACHIEVE							
High						Low	
1	2	3	4	5	6	7	
NEED FOR POWER							
High						Low	
1	2	3	4	5	6	7	
NEED FOR INDEPENDENCE							
High						Low	
1	2	3	4	5	6	7	
NEED FOR APPROVAL							
High						Low	
1	2	3	4	5	6	7	
TECHNICAL SKILLS							
High						Low	
1	2	3	4	5	6	7	
MANAGEMENT SKILLS							
High						Low	
1	2	3	4	5	6	7	