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ENTREPRENEURSHIP

1. Introduction

The affluence of a country may be judged by its ability to produce goods and services and to distribute them widely throughout the population. Some countries, notably several in Western civilization, have built a wealthy economy, while others, even though they have comparable natural resources, have not achieved similar success. Historians and economists have not always agreed on the sources that stimulate the drive toward national wealth. One consistent theme appears in the literature on the wealth of nations, however, and points to a special class of individuals who have been the initiators of economic growth. These persons are known as entrepreneurs (Schöllhammer and Kuriloff, 1979:7).

Entrepreneurs are quick to see possibilities for achievement. They are not blinded, as managers in large organizations often are, and their natural habitat is the small business. They pursue new ideas with unflagging spirit and make minor new contributions that collectively are highly important to the economy (Schöllhammer and Kuriloff, 1979 : 8).

Entrepreneurs are self-starters and doers who have organized and built successful enterprises since the Industrial

Revolution. Those who wish to start their own business can benefit from studying the characteristics of entrepreneurship. It is consequently the purpose of this address to have a closer look at the entrepreneur and his environment. The following matters will come under discussion:

- Entrepreneurship in historical perspective
- Characteristics of entrepreneurs
- The nature of entrepreneurship
- Environmental conditioning of entrepreneurs
- Methods of self-analysis
- Teaching entrepreneurship

2. Entrepreneurship in historical perspective

Every generation has its entrepreneurs. The entrepreneur in the modern sense of the word originated in England with the advent of the Industrial Revolution in the late eighteenth century. Men like James Watt with his steam engine, Richard Arkwright with his commercial spinning jenny, John Wilkinson with his rolling mill and steam lathe and Henry Maudslay with his automatic screw machine had an enormous impact on the

development of England. They were inspired by applying the findings of science and in gaining massive increases in production through the use of new technology (Schöllhammer and Kuriloff, 1979:8).

According to Heilbroner (1962 : 76-81) these early entrepreneurs were characterized by restlessness and abounding energy. Few of them had money and none came from nobility. They emerged from the lower middle classes, driven by the idea to convert their dreams and ideas into reality. They believed in the work in which they were totally absorbed. They did not consider the wealth they accumulated of first importance. A sense of achievement was their prime reward.

The early English industrial entrepreneurs demonstrated a key ingredient of their enterprising personality, namely their innovative spirit. They ventured into areas where no one had ever been before. In their efforts, they set a basic principle for entrepreneurs to follow, namely that innovation must be the basic characteristic of the entrepreneurial effort. "Creativity is the essence of the entrepreneurial act". (Schöllhammer and Kuriloff, 1979:9).

3. Characteristics of entrepreneurs

Studies of the enterprising personality of the entrepreneur (Mc Clelland, 1967) have led to a better understanding of the

characteristics of the entrepreneur.

The following is a summary of the characteristics which Mc Clelland managed to identify:

- The need for achievement. Prime among the psychological drives that motivate the entrepreneur is a high need for achievement. "This need can be defined as a want or drive within the person that motivates behaviour toward accomplishment. Accomplishment, defined in an entrepreneurial context, is the fulfilling of a goal embodying a reasonable challenge ---". (Schöllhammer and Kuriloff, 1979:10).
- Desire for responsibility. Entrepreneurs prefer to be held responsible for accomplishment. They prefer to use their own methods and resources to accomplish their goals and to be accountable for results. They will only perform well in a group if they can influence the results in their own way.
- Preference for moderate risk. Entrepreneurs are not gamblers. They set goals that require a high level of performance, but levels that they are confident they can meet.
- Perception of probability of success. The entrepreneur has an astonishing trust in his ability to succeed. He depends

on facts to form a judgement but will fall back on his high level of selfconfidence when facts are not available.

- Stimulation by feedback. Entrepreneurs are stimulated by the feedback they receive on their progress with a task. Whether the feedback is good or bad it only stimulates them to higher performance.
- Energetic activity. Entrepreneurial characters exhibit a high level of energy. They tend to be acutely aware of the passage of time and this awareness stimulates them to energetic engagement with their work.
- Future orientation. Entrepreneurs are optimistic about the future and they plan and think ahead.
- Skill in organizing. Entrepreneurs exhibit an unusual skill in organizing both work and people for achieving their goal. They are highly objective when it comes to choosing an individual for a job. They will choose the expert over a friend for the sake of getting the job done.
- Attitude toward money. To the entrepreneur financial gain is less important than achievement. He views money only as a concrete symbol of an objective accomplished.

In addition to the characteristics set by Mc Clelland, Shapero (1975) states that many persons who start new businesses in the United States are displaced persons. Some are political refugees from foreign countries. Others have lost their jobs through being fired or retrenched in a personnel shuffle.

Still in addition there are people who are influenced by others to venture on a business prospect while others decide to venture on their own when they come to a decision point in their lives such as the "empty nest stage".

Shapero's studies show that one important personality trait of entrepreneurs is the degree to which they think they can influence the world around them. In psychological terms this is known as the "locus of control". People who are "external" believe that the rewards in life come from forces outside themselves such as luck, fate, or powerful people to whom they relate in some way.

At the other end of the spectrum are people known as "internal". These people believe they can influence events to their own good or detriment. They seek independence and they rely on their own resources to achieve these ends. Most persons are believed to fit somewhere between these extremes while very successful entrepreneurs tested for "locus of control" scored as "high internals". (Schöllhammer and Kuriloff,

1979:12).

In an attempt to research the characteristics of successful entrepreneurs Hornaday and Aboud (1975 : 11-21) tested a group of sixty entrepreneurs who had been in business from eight to thirteen years. These entrepreneurs were defined as successful because they had started a business where there was none before; they had at least eight employees; and they had been established for at least five years.

The results reflected that successful entrepreneurs are higher on scales reflecting need for achievement, independence, and effectiveness of their leadership. They are, however, low on scales reflecting need for support by others. However, in all the studies conducted to characterise the entrepreneur, the need for achievement always seems to emerge as central to the requirements for successful entrepreneurship.

4. The nature of entrepreneurship

The French economist J.B. Say said around 1800 that the entrepreneur shifts economic resources out of an area of lower into an area of higher productivity and greater yield (Drucker, 1985:19). Unfortunately Say's definition does not say who this entrepreneur is. And since Say coined the term almost two hundred years ago, there has been total confusion over the definitions of entrepreneur and entrepreneurship.

Whereas English writers identify entrepreneurship with the new, small business, the Germans identify it with power and property, which is even more misleading. To them the "Unternehmer" is the person who both owns and runs a business. They use this term primarily to distinguish the "boss" who also owns the business, from the "professional manager" and from "hired hands" (Drucker, 1985:22).

J.S. Mill, was one of the first economists to use the term "entrepreneur". He considered direction, supervision, control and risk-taking to be the functions of the entrepreneur, and appeared to feel that risk-bearing was the main distinguishing feature between the manager and the entrepreneur (Brockhaus, 1987:1).

Schumpeter (1934:56), perhaps the best known twentieth century student of entrepreneurship, differ from Mill in stressing the role of innovation as the key distinguishing factor for entrepreneurship. He believed that both managers and entrepreneurs experience risk, and he held that the entrepreneur's challenge is to find and use new ideas, such as:

- developing new methods of production
- developing new products and services
- identifying new markets

discovering new sources of supply, and

developing new organizational forms

Mc Clelland (1961:67) was less restrictive, believing that an innovative manager who has decision-making responsibility is as much an entrepreneur as the owner of a business who behaves in an innovative manner.

More recent writers continue to struggle with the task of defining entrepreneurship. The definitions have tended to change as business concepts have evolved and ownership forms have changed. Long (1983 : 47-58) recognizes three recurring themes emerging from the various definitions, namely that entrepreneurship involves uncertainty and risk, managerial competence, and creative opportunism.

Although it was once felt that one must own a business in order to be considered an entrepreneur, this requirement no longer stands, in fact, many researchers believe it possible for entrepreneurs to exist as employees of large companys, or as "intrapreneurs".

From the discussion it should be clear that well-defined definitions for the concepts "entrepreneur" and "entrepreneurship" does not exist, one can therefore assume a comparitively broad definition by stating that anyone who starts his own business, is

involved in uncertainty and risk, has managerial competence and has innovative ability is an entrepreneur and anyone who is involved in these activities practice entrepreneurship.

5. Environmental conditioning of entrepreneurs

As has been pointed out, prime among the psychological drives that motivate an individual is a high need for achievement. The development of this trait is seen by Mc Clelland (1967 : chapter 9) to depend primarily on the family environment in which the child has grown up.

A high need for achievement is developed when children are trained to take care of themselves, provided that such training does not start too early or too late. When children are put under pressure to be on their own too soon, they are restricted in their ability to make their own decisions and to develop the independence characteristic of a high achiever. This condition is typically found in lower - class families where the father has the only say and where the children are expected to take care of themselves as early as possible to relieve the financial burden on the family (Schöllhamer and Kuriloff, 1979:13).

Children of upper-class families are often protected from the demanding task of taking care of themselves. If such children are sheltered for too long a period, they fail, to develop into high achievers. Research has shown that when children between the age

of six and eight are required to meet reasonably high standards of achievement they develop into high achievers.

A supportive family atmosphere is an important element in developing an achiever. In such a family high, but attainable, standards of performance are set, without making an issue of them. When the child reach up to expectations, the parents responds spontaneously without being over protective or indulgent. A moderate supportive climante seems to be found primarily in middle-class families. No, wonder that entrepreneurs usually come from middle-class families (Schöllhammer and Kuriloff, 1979:14).

6. Methods of self-analysis

Any person thinking of going into business should analyse his or her own needs, desires and aspirations before taking the final decision. In doing so he or she will be able to assess whether his or her personality fits the entrepreneurial role. A self-analysis will enable one to get a better understanding of the motivational drives that impel one's behaviour (Mc Clelland, 1967 : Chapter 9).

Mc Clelland (1967 : Chapter 9) identifies three needs that influence the individuals behaviour in one way or another. These are the need for achievement, the need for affiliation, and the need for power. The need for achievement has already been discussed in the previous section. The need for affiliation may be described as the need to establish friendly relations with others

or the desire to be liked or accepted by others. The need for power can be described as the need to influence and control other people or the need to convince others of one's superior position.

Most people possess all three needs in a lesser or greater degree. But as has been shown, the need for achievement seems to be the key motivational factor to entrepreneurship. The need for achievement should therefore be the focal point for self-assessment by those who wish to start their own business.

Schöllhammer and Kuriloff (1979:17) point out that no specific testing procedure exists that will precisely measure the achievement level of an individual. According to them the methods employed by Mc Clelland (1962 : 103) are statistical and, although capable of producing reliable results for groups of various kinds, are too sensitive and too easily influenced by the social environment in which the tests are conducted. As it lies beyond the scope of this address to discuss the test used by Mc Clelland and his associates in detail, only brief mention of them will be made here.

The first experiments with achievement level testing involved a special version of thematic apperception tests. The researcher's aim was to discover if these tests could be used to detect changes in motivation following deliberate attempts to heighten the subjects' motivation (Gellerman, 1963 : 122-123).

After arousal, the subjects were shown somewhat funny pictures of scenes associated with work. Each picture was flashed on a screen for a few seconds and the subjects were requested to write a story about each. The subjects were limited to five minutes for the writing.

These stories were compared with stories written by a control group who had not been subjected to arousing conditions. The results showed a significant change in direction of the subjects' that had to think under achievement pressure.

Other kinds of tests involve games of skill in which the participants have the opportunity to control the outcome and adjust performance through immediate feedback. The tests indicated that high achievers prefer games in which they can influence the outcome through personal effort rather than relying on chance.

7. Teaching entrepreneurship

Rice (1985 : 48-53) points out that education in entrepreneurship and education for small business management are not the same thing. Entrepreneurship consists of originating and developing a new business, while management is basically concerned with operating an existing firm. The two terms are nevertheless so closely associated that it is almost impossible to study one without considering the other. In university education the two terms are often used interchangeably, so that it becomes necessary

to examine course descriptions in order to determine whether courses are aimed at starting and developing a business or at managing an ongoing business (Vesper, 1984).

In studying the education of entrepreneurs, Birley (1984), divided the field into three dimensions:

- small business people themselves. Both those starting a new business and those managing an existing business.
- advisors, such as bankers, business consultants and government policy makers.
- conventional students.

Each of these groups has particular needs. Active entrepreneurs and small business owners need knowledge relating to the establishment and management of the business. They need to be educated, trained and encouraged in order to succeed in a competitive business world. Advisors need a conceptual framework for understanding problems facing the small business, analytical skills to judge the viability of the entrepreneurial effort, and counseling and administrative skills. Conventional students need, in addition to coursework on the functional areas of business, courses specifically aimed at new ventures and small business operations.

Although many universities provide educational opportunities for members of the communities through special short courses and seminars the emphasis of college education is to enrol students in a degree program.

Education in entrepreneurship covers the entire scope of business administration, and as such is the closest approach to the original concept of management education available in the university degree curriculum. It would seem that while fragmentation of business education into narrow specializations continues those institutions that offer a broad, integrative, pragmatic approach to business education will become increasingly popular with students aspiring to become entrepreneurs, managers and top executives.

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