The Strategic Intent of Entrepreneurs within Entrepreneurially Led Companies and the Preconditions for their Success or Failure

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Doctor of Philosophy

November 2002

#623698

ABSTRACT

The study is the result of a 'journey of discovery'. The fruits of an analytical and purposely open-minded process, which sought neither to prove nor disprove some pre-existing theory, regarding either the nature or influencing drivers of the entrepreneur and entrepreneurship; but rather progress through a subjective review of past and current thinking on the topic. Only then, armed with that insight, proceeded to both test and possibly re-discover the underlying evolutional and constituent realities of this most elusive of subjects.

The desired resultant goal of this process is to help define a methodology by which to better identify the principle traits that make up successful entrepreneurial companies and most importantly, the individual **entrepreneur(s)** that lead them. Should such benchmarks show reliability of purpose, they would certainly help provide both the Institutional and Venture Capital community with a better and more **insightful** understanding and evaluational mechanism of venture ready Entrepreneurs thereby leading to a streamlining of their funding processes.

This process of discovery commenced by drawing on existing literature and defining what was to be one of the principal subject matters for analysis – the nature of entrepreneurship itself and specifically whether entrepreneurship was an 'art' or a 'science'? Was it learned or instinctive? And whether its existence could actually be formulated, and thereby predicted.

The results of this initial process were revealingly rather ambiguous. For while alluding to the existence of a workable methodology by which to deliver an insight into the potential success or failure of an entrepreneurial venture, the contention that a commonality of entrepreneurial characteristics and predispositions existed were almost entirely dismissed. As a result, the subsequent research sought to test this perception and to identify the key constituent characteristics and motivars of the successful entrepreneur.

To do so, a multi-dimensional entrepreneurial model was formulated and, in turn, tested through the development of a three tiered qualitative analysis methodology. Firstly, one that encompassed a relatively broad-based pool of approximately 45 entrepreneurs from pre-selected Small Medium Enterprises. From this number 12 subjects were in turn further tested utilising pre-defined methodologies; with four of them actually subjected to in-depth one on one interviews and subsequent analysis.

Contrary to conventional thought, the evaluational amalgam of this qualitative process significantly revealed a reliably high degree of commonality of specific traits among entrepreneurial subjects reviewed. In addition, an exciting and valuable insight into the mind of the entrepreneur was revealed; one that within the study is described as the "third dimension" of entrepreneurial motivation, and one that the author contends could unlock the door to an even deeper understanding of this most elusive of subject matters and form a strong basis for further research.

ACKNOWLEDGEMENTS

The Author is grateful to Professor L.M **Gillin** for his committed and insightful general supervision and inspirational encouragement in all phases of this thesis and to my life partner Ms S.M **Jackman** for her support and assistance in creating an environment that allowed me to find time and dedicate focus to this important project.

Over **fifty** busy entrepreneurs from across Australia, each the Managing Director of an Australian SME, took time and expended valuable effort to answer questions concerning their academic training, past career milestones, as well as ones relating to both personal and professional values and motivars. In addition, five specific senior entrepreneurs dedicated over half a day each to subject themselves to an in-depth interview by the author. This effort by all of these individuals is greatly valued and I thank them all most sincerely.

The data for the thesis comes from a study for which the author was the principal research investigator. The provision of resources by Swinburne University of Technology are both greatly valued and appreciated as so too is the specialist insight proffered me by a number of senior members of **Austrade** as well as three leading International Venture Capital Groups. This assistance proved of fundamental value.

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INTRODUCTION

While the title of the thesis imparts a degree of certainty of direction and almost a precondition of scope by the author, no such depth of certainty of action existed at the outset. **Instead,** the study is the result of a 'journey of discovery[7]. The **fruits** of a deeply analytical and purposely open-minded process, which sought neither to prove nor disprove some pre-existing conventionally held, or indeed personally subscribed to theory, regarding either the nature or influencing drivers of the entrepreneur and entrepreneurship; but rather progress through an **insightful** review of past and current thinking on the topic. Only then, armed with that very insight, proceeded to both test and possibly re-discover the underlying evolutional and constituent realities of this most elusive of subjects.

This process of discovery commenced in Chapter 1 by drawing on existing literature and defining what was to be one of the principal subject matters for analysis – the nature of entrepreneurship itself. Were there differences between the much-documented 'American model' and that of the perhaps rather more sedate and less overt 'Australian[7] one? What are the processes leading to entrepreneurial potential, and what is the role of entrepreneurial learning?

Chapter 2 goes on to question and analyze whether entrepreneurial values might be learned or instinctive and what hurdles might exist in thwarting entrepreneurial survival coupled with possible strategies to reduce the relatively high incidence of venture failure.

Beyond this, the question posed in Chapter 3 relates to setting out the principal effects of globalisation and how entrepreneurial structures and systems may be affected by this reality.

The early search for answers to the propositions leveled within these three chapters, albeit necessarily partial and **perfunctory**, were to prove an important stepping stone in defining a stance for further development of direction and analysis; especially so when it came time for the structure of the active research methodology and content to be set-out. Beyond this would be the determination of subject testing **'modus operandi'** and thereafter the development of a broadband base of core information capture.

Once the basis for the "entrepreneurship" stage was set, it was time to switch focus to the derivation, motivation and role of the entrepreneur itself, as set out within Chapter 4, and specifically whether entrepreneurship was an 'art' or rather a 'science'? Was it learned or was it instinctive? And based on the resultant conclusions to this quandary, whether its existence could actually be formulated and thereby predicted.

A primary aim of this particular evaluational process was to both document and review the pre-existing views and arguments of both past and contemporary commentators on this topic. To so do, the decision was to commence this course by taking a somewhat unconventional and lateral path, but one that I felt could eventually lead to the core of the issues in question and do so within a **'real-**world' environment of industry focus and peer group competitive pressure. Important realities that brought to the subject matter a practical questioning basis that would hopefully elevate the results beyond the purely laboratory derived theorems.

My first subjective aim was at once to both identify and extract the core criteria utilised by International Venture Capitalists, arguably the greatest fans and yet most virulent critics of the entrepreneurial process, and to observe the methods by which they currently analyze and pre-judge the viability of an entrepreneurial venture (and ergo the very entrepreneurs developing said ventures). Said strategy was specifically adopted in order to then parallel the resultant findings to those of conventional literature theory and thereby draw valuable directional conclusions.

As it so happened the results of this process were revealingly rather ambiguous. For whilst alluding to the existence of a workable methodology by which to deliver an insight into the potential success or failure of an entrepreneurial venture, the contention that a commonality of characteristics and predispositions existed in the case of successful entrepreneurs, were almost entirely dismissed. Indeed rather the opposite logic appeared the more viable as espoused by the Venture Capitalist fraternity – notably that entrepreneurs are each unique and therefore statistically incongruous and thereby seemingly unpredictable.

As a result, the research that I chose to undertake in Chapter 5 (Entrepreneurial Case Study) sought to test this rather generic perception and as a parallel aim, to identify and verbalize the key constituent characteristics and motivars of the successful entrepreneur.

As a process towards this aim, a review of the wider body of existing literature was undertaken in order to assist in the development of a multi-dimensional entrepreneurial model, complete with as many of its core elements and interactions as could be satisfactorily proven and objectively observed. Upon completion, the findings would then be tested through the development of a methodology that would in turn lead to the identification of firstly the sample and then of the actual methodological process to be used and most importantly, why so?

A plausible resolution to this very question was achieved rather early in the piece, in so far as my findings indicated that a statistical approach would neither provide the degree of accuracy nor insightfulness sought, nor would it proffer the nuance and detail required to adequately explain key constituent and motivational criteria of entrepreneurial values. Ergo, the method selected. Namely the proposition of a relatively broad based qualitative analysis (Chapter 6), which would in turn be further tested and rationalized by means of a tightly selected small entrepreneurial group questionnaire (Chapter 7), and then for the findings drawn from these two studies to be further refined by means of in depth interviews with five entrepreneurial test cases (Chapter 8). This three-part approach was to provide the fundamental material and basis for the various evaluational conclusions to be subsequently reached (Chapter 9 & 10)

In summary therefore, while I will contend that the findings drawn from the cascading research conducted did reveal a significant and reliably high degree of commonality of specific traits among entrepreneurial subjects reviewed (and that these can serve as the basis for a subsequent entrepreneurial profiling model to be developed); it was perhaps the existence and observance of other more subliminal and psychologically inspired pivotal traits and qualities that proved to be an unexpected revelation (Chapter 11). This proffered an exciting and valuable additional insight into the mind of the entrepreneur and one that within the study is described as the "third dimension" of entrepreneurial motivation and one visually interpreted by means of an inter- related visual device.

CHAPTER 1
Entrepreneurship

An Interpretative Definition

The last two decades of the 20th Century have undoubtedly been the most significant period of mass entrepreneurial activity of this millennium. On a global basis, the sheer volume of 'business start-ups' has been enormous, and the number of new entrepreneurs entering every facet of the commercial market, unparalleled in documented history.

It is equally true however, that with those record numbers of entries, have also been record numbers of failures. A reality in no small part due to the unprepared ness of both the individual entrepreneurs as well as financial and governmental institutions of the day, to recognise the necessary skills or the constituent elements that form the base to the very pyramid of ultimate success.

Entrepreneurship is generally understood to constitute 'Venture Creation'. This is however far too myopic a view, as the term 'Venture' need not apply merely to a new business, or indeed to a small one. Modern thinking applies entrepreneurial philosophies and concepts to large established businesses where an individual, or small group of dominant individuals, apply innovative management techniques to create change, leading to significant corporate growth and wealth.

Whilst the term 'entrepreneurship' may be a relatively modern one, the concept is certainly not. The Phoenicians of 3000BC plied new trade routes to develop new markets for goods that could often be described as innovative in their market of destination. One possible early practical example of what we perceive and often claim as the 'thoroughly modern' practice of 'globalisation'?

The history of the Roman Empire alludes that the Ancient Greeks in 400 BC had realised that the opportunities to merely sell to the developing Roman empire wine from their own small vineyards, were too short term and tenuous. They therefore decided to actually buy land within easy reach of Rome (an area that is today's Naples), its largest singular market, and plant large vineyards from which to satisfy and dominate the burgeoning and lucrative wine trade. This is indeed therefore one of the first recorded acts of strategic 'global' entrepreneurial thinking.

Even Christopher Columbus, himself a determined Entrepreneur, was looking for new markets in both the known and unknown world, and new products to trade with, when America got in the way in **1492.**

Schumpeter credited Mill (Mill JS **1848)** with bringing the term "entrepreneurship" into colloquial use amongst economists and political **'free** trade' thinkers of the day. **Mill** strongly believed that the singular factor in differentiating a 'Manager' from an' Entrepreneur' was the 'bearing of risk'. Schumpeter however was at odds with this specific definition, believing instead that 'innovation' rather than 'risk' formed the central causal characteristic. Nevertheless, the concept of 'risk bearing' has been an integral part of Economic thinking as far back as Cantillon (Cantillon **1755)** who, in his works published as far back as the **18th** century, described an entrepreneur as a "rational decision maker who assumes the risk and provides necessary management for the **firm".**

In the United States, Ely (quoted in Schumpeter **1934)** who was among the very first to make a formal study of the 'phenomenon of entrepreneurship' explains that economists were virtually forced to choose the French term 'entrepreneur' as the operative literal description for 'individuals who started businesses'. The reason being that a number of preceding **colloquial** descriptive terms had since become severely corrupted. These included descriptors such as "undertaker", which **Ely** explained had been 'appropriated by a single and function specific group of business owners', and 'adventurer' which had over time come 'to imply an undesirable level of rashness'.

Two modern leading proponents of Entrepreneurship and its existence as a singular human skill are **McClelland** and Drucker. Both concur that 'innovation' is from a social perspective the most important and relevant aspect of entrepreneurship. **McClelland** champions the concept **(McClelland** DC **1961)** that 'novel activity is a key factor of any entrepreneurial success', whilst Drucker (Drucker P **1985)** contends that 'entrepreneurship is innovation in a business setting' and that 'innovation is the tool of the entrepreneur'.

Fundamentally therefore, entrepreneurship is a human creative act. It commences by finding the personal energy and **financial** means to initiate and build a commercial enterprise. Entrepreneurship invariably requires a vision blended with the passion, commitment and skill to realise it; in no small measure by transmitting it to other stakeholders such as partners, customers, suppliers, employees and financial backers.

It also requires a willingness to take calculated risks and then doing everything possible to influence the odds of success.

Entrepreneurship as defined by the American model

From the time of Adam Smith in 1776 through the middle of the Twentieth Century, the literature was dominated by economists focusing upon the outcomes of the entrepreneurship phenomenon.

McClelland (1961), with his landmark work on individual need for achievement, kindled an inferno of interest in the two generations of American entrepreneurship researchers who followed. The concomitant interest in entrepreneurship inputs centered squarely on the American model of entrepreneurship which in turn placed the focus decidedly on the individual. As a result, three major characteristics have emerged as primary aspects of the claimed entrepreneurial personality.

The first of these characteristics is the propensity for risk taking, the earliest identified entrepreneurial characteristic. Cantillion (circa 1700) portrayed an entrepreneur as the individual who assumed the risk for the firm (Kilby, 1971), a perspective echoed by Mill (1848) proffered that risk assessment and risk taking are the primary elements of entrepreneurship. Some studies have indicated no significant differences in risk taking propensities for entrepreneurs as compared to the general population (i.e., Brockhaus, 1980; Sexton & Bowman, 1983), but others have discovered a higher propensity for risk taking among entrepreneurs (i.e., Sexton & Bowman, 1983; Carland, Carland & Pearce, 1995), when confronted with business risk (Ray, 1986), but moderated by experience, age, education, and type of business (Schwer & Yucelt, 1984). Further, entrepreneurs evidence low uncertainty avoidance irrespective of culture (McGrath, MacMillan & Scheinberg, 1992). Risk taking propensity remains a key aspect of the entrepreneurial psyche as visualised by American researchers (Carland, Carland & Stewart, 1996).

The second characteristic, which is central to the American model is preference for innovation. Schumpeter's view of entrepreneurial innovation was rooted in the classic theories of economists such as Say and Marshall. In the literature, innovation remains a frequently identified functional characteristic of entrepreneurs (e.g., McClelland, 1961; Hornaday & Aboud, 1971; Timmons, 1978; Brockhaus, 1982; Carland, Hoy, Boulton & Carland, 1984; Gartner, 1990). Timmons (1978) suggested that creativity and innovation were conditions inherent in the role of entrepreneurship. Drucker (1985) actually defined entrepreneurship as innovation in a business setting. Olson (1985) included invention, an activity parallel to innovation, as a primary entrepreneurial activity. This contention was intensified by Carland, Hoy, Boulton and Carland (1984), who proposed that innovation was the critical factor in distinguishing entrepreneurs from managers and small business owners. It was deftly illustrated that while innovation is a necessary element of entrepreneurship, alone it is insufficient to fully circumscribe entrepreneurial behavior because of the broad parameters of the function. The preference for innovative behaviour is firmly established as central to the American view of the entrepreneurial psyche (Carland, Carland & Stewart, 1996).

The third, and perhaps the most ubiquitous entrepreneurial characteristic, is the need for achievement. This insight was initiated by the work of McClelland (1961). In a study of behaviour in young men, McClelland (1961, 1965) concluded that a high need for achievement would influence the self selection of an entrepreneurial position, defined as a salesman, company officer, management consultant, fund-raiser, or owner of a business. Numerous subsequent studies have shown a positive relationship between achievement motivation and entrepreneurship (i.e., Hornaday & Bunker, 1970; Hornaday & Aboud, 1971; DeCarlo & Lyons, 1979; Lachman, 1980; Begley & Boyd, 1986). Other studies have shown that need for achievement is not the most important variable for predicting the likelihood of starting a business (Hull, Bosley, & Udell, 1980). Johnson (1990) suggested that because of the variability of the samples, different operationalizations of the achievement motive, and convergent validity problems in instrumentation, more research is necessary to prove a definitive link between achievement motivation and entrepreneurship. Nevertheless, achievement motivation remains a central tenet in the American view of the entrepreneurial psyche (Carland, Carland & Stewart, 1996).

A relatively new, yet promising perspective of the entrepreneurial psyche involves cognitive or managerial style (i.e., Hoy & Carland, 1983; Brodzinski, Scherer & Wiebe, 1990; Dugan, Feeser & Plaschka, 1990; McKee, 1991; Shaver & Scott, 1991; Carland & Carland, 1992; King & Masters, 1993; Carland, Carland & Stewart, 1996). Carland, Carland and Hoy (1992) posited a perspective of entrepreneurship which treats the phenomenon as an individual drive; the drive toward entrepreneurial behaviour. They developed and validated an instrument which measures the strength of that drive, the Carland Entrepreneurship Index, and demonstrated that entrepreneurial drive is normally distributed (Carland, Carland & Hoy, 1992). They hypothesize that the differences in entrepreneurial drive explain the differences in observed entrepreneurial behaviour. Carland, Carland and Stewart (1996) describe the entrepreneurial psyche as a result of multiple personality factors including the need for achievement, the propensity for risk taking, the preference for innovation, and cognitive style. They demonstrated that the various factors are normally distributed and that the varying strengths of the traits in an individual entrepreneur combine to affect that individual's behaviour. It is this resultant effect of drives which combine to produce differences in entrepreneurial behaviour.

The central tenet of the American model of entrepreneurship is individualism. In fact, a plethora of articles focussing on the personal characteristics of entrepreneurs has emerged (i.e., McClelland, 1961; Pickle, 1964; Hornaday & Aboud, 1971; Timmons, 1978; Brockhaus, 1980; Dunkelberg & Cooper, 1982; Brockhaus & Horwitz, 1986; Carsrud, Olm & Eddy, 1986; Solomon & Winslow, 1988; Winslow & Solomon, 1989; Carland & Carland, 1991). Still other researchers have posited types of entrepreneurs (i.e., Smith, 1967; Webster, 1977; DeCarlo & Lyons, 1979; Vesper, 1980; Mescon & Montanari, 1981; McClelland, 1987; Louis, Blumenthal, Gluck & Stoto, 1989; Gartner, Mitchell & Vesper, 1989).

Much of the American research in entrepreneurship has been founded upon the premise that entrepreneurs embody distinctive personality characteristics which can be identified (Cooper & Dunkelberg, 1987), and used to indicate a potential for entrepreneurship (Lachman, 1980). Clearly, the focus of the great mass of this research is the individual and his or her role in venture creation. This may be quite natural given the historic antecedents of the United States, however, the cult of individualism is unacceptable in many countries of the world (Peterson, 1988).

A viable deduction and thereby conclusion is that the American model of entrepreneurship is based upon a view that the individual is the key to the process and that the individual is characterized by several key attributes. Among these attributes is the need for achievement, the propensity for risk taking, and the preference for innovative behaviour. The synthesis of varying levels of attribute strength in an individual results in a gestalt of drives which affects one's approach to entrepreneurship. In essence, the process of entrepreneurship is a result of an individual's actions, and that individual's actions are profoundly affected by his or her personality.

Can the American insight into entrepreneurship be successfully exported to other nations? The importance of this issue cannot be overstated as it goes to the validity of attempts to aid and support entrepreneurship internationally with any model, which is American based. However, a viable conclusion is that the antecedent to the export issue lies in an earlier question. Just how much do the entrepreneurs in America differ from those in other nations? If culture is enmeshed with entrepreneurship, there must be differences and those differences are likely to vary from nation to nation.

Entrepreneurship is unique among organisational and economic functions in that it is initiated by an act of human volition (Hofer & **Bygrave,** 1992). It is this intentionality that distinguishes the entrepreneur (Bird & **Jelinek,** 1988). If one wishes to understand the entrepreneurial process, one must understand the role of the individual in triggering that process (Carland, **Hoy** & **Carland,** 1988). Further, entrepreneurship is enmeshed with culture (Peterson, 1988). The natural conclusion drawn from these perspectives is that the American model of entrepreneurship is not necessarily the only standard or that it may not even be an effective tool in understanding or encouraging entrepreneurship in a given nation.

Before one can export the American philosophy to a given nation, one must investigate and seek to understand differences in the entrepreneurial psyche within that nation, often a far more complex and tortuous path than would at first appear.

An Australian Perspective

Australia is arguably among the world's most fiercely competitive marketplaces. With a land mass the size of continental USA or Western Europe, a population of only 20 million, few remaining trade barriers, almost no tariff protection and 'all' export markets literally 'overseas', the Island continent has had to change from being the "Lucky Country" of the **1950's** and 1960's to being the "Clever" country of the past decade and beyond.

Typically this change has been swift and dynamic, with a steep and often painful learning curve. Australia has moved from being a giant farm and quarry to one of the world's leaders in innovation and rapid uptake and dissemination of new technology, with ever increasingly obvious core similarities shared with its larger American cousin.

Because of the vast differences between population centers, penetration rates of new technology in Australia, especially telecommunications and information technology, are amongst the highest and fastest in the world. Indeed, despite the 'tyranny of distance' that Australians have always had to contend with, both inside and outside the country, Australia is one of the most urbanized societies on Earth, with more than 30% of the nation's people living in just two cities!

Spectacular new growth in investment and enterprise creation, the escalating number of global enterprises making Australia their launch pad into SE Asia, and the newly found realisation that Australian entrepreneurs can and must make their market a global one, all indicate that the transition from an inward looking to a leading global economy is well in hand.

Despite the lack of existing scholarly literature on Australian entrepreneurial development, current thinking among key business forums (such as The Executive Connection and the Australian Marketing Institute) indicates significant differences in the strength of several key personality traits, between American and Australian entrepreneurs and therefore the degree to which the American model can apply as a road map to Australian Entrepreneurial development. Among these are the need and indeed tolerance for "at all cost" achievement and risk taking propensity. The clear and unequivocal representation of this may be seen in the actual numbers of IPO's realised in Australia as against the United States. Indeed in 1998 the National Australia Bank in their annual survey of the economy listed only 18 IPO's as being concluded in Australia that year. A number that becomes even more significant when considering that even a relatively small country such as Israel with a population of less than 1/4 of Australia, realised 132. Nevertheless, the basic core entrepreneurial drive and individual values forms a reality in both nations.

Even though the relative strength of various traits important to entrepreneurial behaviour do differ between the United States and Australia, the role of those traits in' producing entrepreneurial drive are predominantly the same. And whilst it is not the aim or purpose of this study to identify or weight these differences a number of them will be highlighted within the context of following chapters.

Recent experience as reported by leading Australian financial and business publications including the Australian Financial Review and BRW, within a number of key Industries and especially that of Information Technology, documents examples showing that it is possible to export the American model of entrepreneurship successfully to Australia. Consequently, the American format can be of value in helping to explain the entrepreneurial process in Australia. However, attempts to influence entrepreneurial behaviour in Australia must take different avenues from attempts that might prove successful in the United States. Specifically, where it relates to core differences in risk taking propensity as may be displayed between Australian and American entrepreneurs and often as a result of the varying methodologies and penalties that may exist within each market for entrepreneurial failure, with the US having at this time a considerably less cumbersome or financially onerous business failure process.

These differences may suggests that any attempts to influence Australian entrepreneurship must be predicated on activities which are perceived by Australians to be considerably less risky than would be acceptable or even normal in the United States.

On the other hand, Australians are just as strongly oriented toward innovation as are Americans. That similarity suggests that Australian entrepreneurs will be just as likely as Americans to react well to new and different approaches and opportunities.

The entrepreneurial mystique in Australia is as much a myth as it is in the United States. Further, the role of the individual in the entrepreneurial process is as central in Australia as it is in the United States. Consequently, much of the American perspective of entrepreneurship can prove of value in at least understanding and even supporting Australian entrepreneurship.

To gain the maximum benefit from sharing our models and our knowledge with each other, we must be sure that we share a common foundation. The United States and Australia do in terms of language, culture social infrastructure and to a great part both values and aspirations.

Whilst one cannot speak for other Nations however, we do know that all Nations share some basic, overriding realities. For all, wealth creation and the common good are ultimately dependent upon people and not as history has shown, merely centralist governments. Sharing knowledge and insight can endow us with common purpose. If we employ that purpose to pursue entrepreneurial goals, we can, each of us and thereby each Nation, learn and improve the core model to the common good.

CHAPTER 2

Is Entrepreneurship learned, or is it inspired?

Entrepreneurial potential

Not all individuals have the potential to form an organisation (Learned 1992). Shapero (1981) introduced the core notion of 'entrepreneurial potential'. According to him, potential entrepreneurs surface and take the initiative when an attractive opportunity presents itself. Individuals perceive opportunities.

For an opportunity to be seized, someone must first recognise it as a personally viable opportunity and then have both the willingness and the ability to drive it. When potential entrepreneurs and opportunities coincide, entrepreneurial behaviour may take place, and a new firm can be founded. Thus, the joint occurrence of two events is critical for the creation of a new firm. The first is the presence of an opportunity suited for a new firm, the second is a person who is able and willing to take advantage of an entrepreneurial opportunity. Hence, before there can be entrepreneurship, there must be the potential for entrepreneurship, whether in a community seeking to develop or in a large organisation seeking to innovate (Krueger and Brazeal 1994).

Measures of entrepreneurial potential appear to remain wedded to various ad-hoc profiles of personality and demographic characteristics with minimal predictive validity (e.g. Carsrud et al. 1993). It is surprisingly difficult to distinguish entrepreneurs from non-entrepreneurs. It is even more difficult to differentiate the potential entrepreneur, if we rely on personality or demographic data. Recently, it has been argued that we can identify the potential entrepreneur through the examination of key attitudes and intentions (Carsrud and Krueger 1995; Krueger and Brazeal 1994; Krueger 1995). Empirical studies show that intentions is the single best predictor of human behavior (Ajzen 1991; Kim and Hunter 1993), and some argue that launching a new venture should be regarded as intentional as well (Katz and Gartner 1988; Krueger and Carsrud 1993). Because intentions and the attitudes behind them appear consistent across cultures (McGrath and MacMillan 1992), formal models of intentions may prove applicable to the study of how people come to see themselves as entrepreneurs.

However, while intentions certainly seems to play an important role in some emerging ventures, it is clear that many highly motivated individuals living in favorable entrepreneurial environments will not initiate an entrepreneurial career unless they find a viable venture opportunity, and then are able to take the necessary steps regarding venture start-up. Bahave (1994) distinguishes between externally and internally stimulated opportunity recognition. In the case of external stimulation the intention to start a new venture precedes opportunity recognition, while in the case of internal stimulation opportunity recognition precedes the intention. Hence, both entrepreneurial intentions and opportunity recognition appear important in the emerging entrepreneurial process. Reitan (1997) has shown empirically that while some might intend to venture without any clear perception of a venture opportunity, others might perceive one or several opportunities without a high intention-level. Still others may both aspire and perceive a viable venture opportunity, but have not taken any steps regarding venture start-up (yet).

If an entrepreneur is someone who perceives an opportunity and creates an organisation to pursue it, a 'potential' entrepreneur should therefore be a person with the potential to create a new organisation. Thus, this person perceives one or several opportunities, but has not yet started an effort of creating an organisation. Moreover, this person might intend to start a new venture, but has not yet found a viable new venture opportunity.

The argument is that opportunity recognition and entrepreneurial intentions are key characteristics of potential entrepreneurs, separating them from the general population.

Processes leading to entrepreneurial potential

We know that entrepreneurial potential has a number of critical factors determining it. But what are the processes leading to entrepreneurial potential? Generally, decisions (such as the decision to attempt to start a new venture), are made through the perception or "cognitive map" of the person and therefore intimately linked to 'sense making' (Weick 1979). The forming of preferences, identities, expectations, etc. all involve the making of sense out of a confusing world (March 1996), and individuals make sense of their pasts, their natures, and their futures (Fiske and Taylor 1984).

Moreover, conceptual models such as Ajzen's theory of planned behavior (1991) and Shapero's model of the entrepreneurial event (Shapero 1981, 1984) and subsequent empirical work utilizing these models (Krueger and Carsrud 1993; Kolvereid 1996a; Reitan 1996) argue that there are at least three perceptions critical in the forming of entrepreneurial potential:

a) "Can I make it?",
b) "Do I want to make it?", and
c) "Will others approve of it?"

In Ajzen's theory of planned behaviour (TPB), "attitude toward the act", "social norms", and "perceived behavioural control" explain up to 60% of the variance in intentions. Intentions successfully predict 30% or more of variance in the target behaviour (e.g. Ajzen 1991). Krueger (1993), based on Shapero's model of the entrepreneurial event (MEE), found that perceived credibility (desirability and feasibility) and propensity to act explain well over 50% of the variance in intentions toward entrepreneurship, with perceptions of new venture feasibility explaining the most.

Krueger et al. (1995) tested both these models on the same sample, and arrived at the conclusion that Shapero's model explained most of the variation in entrepreneurial aspirations.

Reitan (1996) combined these two models and added situational factors as proposed by for example Bird (1993) and Davidsson (1995). His model accounted for 63% of the variations in entrepreneurial intentions. The most important antecedents were perceived personal desirability, perceived social desirability and perceived feasibility.

In his later work, based on a factor-analytic approach, Reitan (1997) has found a fourth key attitude: perceived profitability of venturing. While this factor is less important than the three others in explaining entrepreneurial potential in the overall model, it appears to be very important when differentiating between short-and long-term intentions to venture, and between types of intended ventures. Moreover, Reitan (1997) has found that opportunity recognition has some of the same antecedents as entrepreneurial intentions. Perceptions of desirability and feasibility are strong predictors of both, while perceived social norms and perceived profitability are important for understanding entrepreneurial intentions only. Hence, to stimulate the entrepreneurial potential it is vital to stimulate favourable perceptions of new venture desirability (including social norms), feasibility, and profitability. The key argument here is that it is the way in which the potential founder thinks about reality, not the external reality itself, that determines the outcome. Thus, it is the perceptions of the reality, or the individual's subjective reality that is of importance.

The role of entrepreneurial learning

Nonetheless, the question remains: where do we learn that entrepreneurship is feasible, desirable and/or profitable?

Generally, life experiences are strong predictors of vocational preference (Smart 1989). By examining the individual learning process we can come closer to understanding how people generate from their experience the attitudes that guide their behaviour in new situations. This process is both active and passive, concrete and abstract. It can be conceived of as a four-stage cycle (Kolb et al. 1995):

1) concrete experience is followed by
2) observation and reflection, which leads to
3) the formation of abstract concepts and generalizations, which leads to
4) hypotheses to be tested in future action, which in turn lead to new experiences.

There are many ways of learning. It is a widely held, but untested, consensus that past work experience is a better predictor of decisions, performance, and behaviour than education (Bird 1993). The popular opinion is based on a common-sense notion that the "school of hard knocks" prepares one better than colleges, universities, seminars, and books. Thus, the most powerful way of learning should be through direct experience of the subject matter (Kolb et al. 1995). Apparently, venture creation becomes easier with experience, and presumably from learning from that experience (Ronstadt 1984). Typically, one out of five entrepreneurs has had direct venture experience prior to the current enterprise (Hornaday and Aboud 1971). Carroll and Mosakowski (1987) found that the probability of a person entering into self-employment at any stage in the life cycle is heavily dependent upon prior engagement in self-or family employment.

It is therefore proposed that one might learn that entrepreneurship is desirable, feasible and profitable from the concrete experience of working in one's own firm. On the other hand, negative experiences from new venture start-ups, such as unsuccessful attempts at venturing, might influence the perceptions of venturing negatively. Negative or disconfirming information from the environment has in general proven to act as a detriment (Learned 1992). However, some studies have suggested that failures of previous attempts of venturing need not be an impediment to starting again (Shapero and Sokol 1982).

Some of these examples of work-based learning experiences that influence an individual's perception of new venture feasibility, desirability and profitability include:

- **Prior Work experience**

Another way of learning is through indirect experience, for example through work experience fi-om businesses other than one's own. Previous work experiences are described as formative by Goss (1991) and may encourage entrepreneurial behaviour. The skills gained through formative experience may be managerial, financial, attitudinal or a combination of these, and may build business competence--highlighting opportunities for the individual.

- **Corporate Work experience**

Small businesses have been suggested as incubators for future entrepreneurs. Donckels and Dupont (1987) and Cromie (1987) found that individuals having worked for a firm employing less than 10 personnel are over-represented as entrepreneurs.

Although small business experience can be viewed as formative, it can also be viewed as a reactive experience, due to the fact that the organisational environment may be unstable and job prospects are limited, as are rewards. Stanworth and Curran (1979) suggested that people who begin their working life within small businesses will tend to be relatively poorly qualified and therefore are unlikely to be employed by larger organisations. They are therefore "trapped in the secondary labour market" with few alternative career options than to start up their own businesses.

- **SME Experience**

Katz (1992) argues especially that the family firm should shape children's career plans. The typical entrepreneur indeed has a self-employed parent, though not all entrepreneurial offspring choose self-employment. Parental impact may lie in the transfer of human capital related to starting or running a business (Lentz and Laband 1990). These findings are supported by Carroll and Mosakowski (1987).

- **Family Business**

A third way of learning is through the observation of behavior in others, referred to as role models (Bandura 1986). Thus, even limited experience with entrepreneurial activity could substantially influence how one thinks about entrepreneurship (Scherer et al. 1990). The inheritance of enterprise culture through role modeling has grown to become a popular field of research. Curran and Burrows (1988) research in the UK found that 50% of small business owners had come from a family background of self-employment, compared with 20% for all employees. Studies by Scherer et al. (1989,1991), Krueger (1993), Davidsson (1995) and Kolvereid (1996) all support these findings. Peers in general can also be very important in the decision to form a company. An area with an entrepreneurial pool and meeting place where entrepreneurs and potential entrepreneurs can discuss ideas, problems, and solutions spawns more new companies than an area where these are not available (Johannisson, 1993).

- **Role Models**

A final way of learning is through formal education. Prior mental programming in the form of formal education repeatedly appears as correlated in generally positive ways with success in studies of start-ups (Vesper 1990). There are conflicting evidence however on this point. Curran and Burrows (1988) found that proportionally few owners of SME's (i.e those with annual sales commencing at US$5M) had formal qualifications to degree level and these findings were supported by Campbell (1992). In the latter study this was explained by opportunity cost arguments for more highly educated individuals, relating to increased chances of success as employees by those who possess higher qualifications. On the other hand, samples from business schools find that this kind of education enhances the entrepreneurial interest of the students (Vesper 1990). Therefore, it is assumed that different types of education might influence entrepreneurial attitudes differently.

- **Entrepreneurial Attitudes**

Recently, a large amount of research has shown that to provide a reasonable supply of entrepreneurs there must be an environment congenial to creating potential entrepreneurs. If we want more potential entrepreneurs, we need to identify and establish policies that increase both their perceived feasibility, their perceived desirability (both personally and socially), and their perceived profitability (Krueger 1993; Krueger and Carsrud 1993; Krueger and Brazeal 1994; Krueger et al. 1995; Kolvereid 1996a; Reitan 1996, 1997). The questions that need to be answered to enable this are: "Who are these potential entrepreneurs?" and "How do we increase their perceived feasibility, profitability and/or desirability?"

In summary, existing literature clearly indicates that it is easier to learn that entrepreneurship is feasible through direct and indirect experiences, through vicarious learning and through education - than to learn that it is inspirable. On the one hand, this is disappointing news especially for the general education system, which, with the exception of where tailored postgraduate programs exist, appears to be generally unsuccessful in stimulating or indeed inspiring an entrepreneurial potential in young people. This is especially true for the stimulation of perceived desirability and profitability of venturing. On the other hand however, more individuals now perceive venturing as inherently feasible and by rights therefore more desirable and hence it appears to be more important to stimulate the perceived feasibility of venturing rather than concentrating on its inherent intellectual desirability.

To some extent, this can **successfully** be done via experiences, role modelling and education. Moreover, the education system has a unique chance of providing all of these requirements, for example by emphasizing more action-based learning, building in depth relations to local **SMEs,** access to and mentoring by established entrepreneurs and other similar initiatives.

The Problem of Survival

The complexity of owning and managing a business in today's highly charged commercial environment is literally overwhelming many **SME's** and entrepreneurs. To be successful in today's business world you have to be multi-skilled, willing to accept change, motivational, technologically adept, and adaptable to globalisation.

Starting new business ventures is generally acknowledged to be a high risk activity. The risk of failure for new ventures have been estimated at 40% in the first year and rising to 90% over ten years (Timmons, 1990). But, as **often** pointed out, such failure rates may be overstated, perhaps including disappearances of new firms' trading names through mergers, takeovers, or the simple adoption of a new trading name. Indeed a new business might well disappear within a few years as a direct consequence of the entrepreneur's plan to harvest the venture within that period, which has been called "death by success".

Whatever the definition of new venture failure, the mortality rate of new ventures is expected to be higher than that for established (older) businesses. Stinchcombe (1965) introduced the concept of 'liability of newness' whereby young organisations face greater risk of mortality than do established firms. Stinchcombe argues that greater mortality risk arises from the costs of learning new tasks, the necessity to invent new roles and the conflicts such roles present, the absence of formal structures, and the lack of stable links with customers.

Lack of organisational inertia (Hannan and Freeman, 1984) and the lack of organisational stability to engender customer trust (Hannan and Freeman 1989) are also cited as reasons for the greater mortality risk of new businesses. The tendency for mortality risk to decline as the business ages has also been supported by Carroll and Delacroix **(1982),** Carroll **(1987),** and **Halliday,** Powell and Granfors (1987). The liability of newness was separated **from** the 'liability of smallness' by Freeman, Carroll and **Hannan (1983),** and Bruderl and Schussler (1990) distinguish between the liability of newness and the liability of adolescence.

Despite a dearth of formal current research, contemporary literature **(Bygrave** 1990, Drucker 1996) is commencing to surmise that many would be entrepreneurs seem to be overwhelmed with the pace of today's business world. Among the contributing factors to their venture failure is that there didn't seem to be any time to relax and that the business seemed to consume all aspects of their life. It is increasingly evident that the businesses that failed were unable to cope with foreign competition or international trade. Indeed many that do fail have not even engaged in international trade. Failure to adapt to this fast changing environment of globalisation seems to be a source of stress and missed opportunities to many entrepreneurs of **SME's.**

Inability to obtain skilled and unskilled help is also a growing factor as a cause for small business failure. Finding and keeping qualified employees is generally perceived as the second most serious problem. The most serious problem however perhaps surprisingly appears to be ever more rigorous and compliance costly government regulations that have forced many **SME's** out-of-business. Whilst litigation, in the guise of cost and distraction, and the inability to respond to market change, also feature as strong ancillary factors. (Carroll and Delacroix 1982).

As can be seen by this list, the SME entrepreneur is faced with multiple challenges from a number of different sources and is constantly being bombarded by not only the pace of change, but the very change of society in general.

Strategic management must take the micro rather than the macro view, and should consider not the existence of choice but the conditions that enlarge or restrict the breadth of choice. Even if organisations must follow these natural paths, they are extremely broad and allow the organisation discretion in the direction and the speed of progress (Mintzberg, 1990). Van de Ven **(1979),** Astley **(1984),** Taylor (1982) and others argue that new firms can indeed make significant strategic choices (to adapt to their business environment) which *significantly improve their chances of survival.

Sandberg (1986) notes that there is an "...obvious stake and potential profit in understanding why new ventures fail, why they succeed, and how their performance can be improved..." and that "...the prediction of failure has been approached through the analysis of advance symptoms rather than of causes".

In today's world, even the small companies are becoming more and more complex. The old rules of running a business no longer seem to be as clear cut and the new rules are more complex than any small business person could have imagined. In the past, energy and resolve almost always led to success, but in today's world more brawn than brains will not lead to a very successful ending in most businesses.

A sign should be hung out on every new business today that reads, "there are no simple businesses anymore" (Welles EO **1995).** Not only are we dealing with a proliferation of hazards, but we also are dealing with an expanding universe of detail. Accompanying this is globalisation and the problems that it brings that heretofore did not have to be faced by most small businesses. There are a host of reasons for these changes, but probably one of the biggest is the ever increasing intensity of competition at all levels of business. **SME's** alone are not the only ones to have been singled out in this new business environment.

Technology is also playing a major role in the winds of change. The Wall Street Journal reported "Still, some older business owners continue to resist full computerization, fearing it will erode their companies' traditions." (Mehta **1994)**

Some small business owners are finding that technology is even playing a leading part in securing a loan. "The nation's banks have discovered a revolutionary new way to approve small business loans: Play down human judgment and let computers make most of the decisions." **(Mansell 1988).** This new approach promises to cut the number of bad loans sharply, but more importantly to banks, it promises to save time and make small business lending more profitable. No attempt is being currently known to be made by leading lending banks, to institute an approval process which assesses and quantifies any key personal entrepreneurial success or failure traits – the core aim being to mathematically quantify only known variables rather than unknown, subjective ones.

Another lagging problem is the area of exporting, where the U.S. Department of Commerce states "the small business export gap" exists because small businesses have developed common misconceptions about exporting which prevent them from investigating the possibility of expanding overseas.' The common english implication of this being that SME's, due to their often national domestic market experience and focus, do not have the core competency to translate that effort and success to export markets that are invariably culturally, operationally and financially different and therefore far more complex. Key underlying factors not often given appropriate weight and consideration in the SME's attempt at market penetration.

But mortality risk also arises due to business uncertainty. That is, not all potential outcomes can be foreseen with known probabilities of occurring. The demand and cost estimates and projections, which underlie the cost and revenue figures in the new venture's financial budgets, may be predicted with greater or lesser degrees of accuracy.

If some adverse outcomes are not foreseen, or were not expected to be as bad, or not expected to happen as soon as they in fact did happen, they could force the new venture into insolvency and mortality.

Rapid growth of the new venture brings with it enormous risk of insolvency. This is particularly so where payments for materials and labour must be made concurrently while receipts for sales may lag by 30-90 days. If sales are increasing exponentially, the new venture might quickly find itself in need of bridging funds **and/or** new investors. If unable to gain such additional financing at short notice, the venture is prone to fail.

Business mortality simply requires that, at any time, an unexpected fall in revenues **and/or** an unexpected rise in expenses be of such **magnitude(s)** that the firm becomes insolvent at that point of time and is unable to attract new debt, equity, or any other funding (including the tolerance of creditors) such that it cannot continue to operate as essentially the same business entity.

Complexity of everyday business is increasing. A myriad of different types of problems, not least of which increasing globalisation of markets and competition, fiscal compliance, technological advances etc., has not only confused the average business owner, but has increasingly led to their failure. Many small business owners have been unable to cope with the complexity of today's business world. "Most business failures result from poor management or poor understanding of changing requirements on the part of the entrepreneur, rather than economic conditions or other factors." (Harris 1992)

Management competency must include financial management competency. Since'the failure of so many new ventures is attributed to either **insufficient** funding (because costs were higher, or revenues lower, than expected) **and/or** therefore cash flow, it is almost axiomatic to advise new ventures to begin with substantially more capital funding than they think they will need. This is particularly so when the firm is subject to rapid growth pressures. Good advice might be to fund for the worst scenario, after re-thinking that scenario to ensure that it includes all of the things that could go wrong.

In the case of Australia and according to studies conducted by Austrade, Australia's governmental export assistance body (Austrade - Exporter newsletter July **2000),** it is becoming evident that a large proportion of businesses that fail either did "none" or a "very low" percentage of their business outside of Australia (Austrade). Their inability to adapt to globalisation and thereby increase their core market base (or be better equipped to compete against competitors who are themselves global) became very pronounced as a reason for small business failure and this represents a strong indictment against many Australian **SME's** ability to adapt to a world market.

Austrade, among other similarly portfolioed State and Federal government departments, are all trying to promote more global commerce by encouraging small businesses to participate in their programs; but once again this may not be **sufficient** stimulus without all the other elements that make up the basket of entrepreneurial core support and **infrastructure** requirements. Not least of which is a core acceptance and understanding on the part of the government and educational system to inculcate the basic theories and tools necessary for future entrepreneurs to better compete within a global market place rather than merely a national one.

Risk Reduction Strategies

In effect, risk reduction strategies allow the new venture to shift its mortality risk curve to a lower curve at any given point in time. It would then move along that lower curve as time passes and the consumption, production, and management technologies become better understood by the process of information diffusion in each technology dimension.

Risk reduction strategies include: insurance, advertising and promotion, education and training, poaching experienced and educated employees from other **firms, over-capitalising,** raising funds earlier than required, licensing or sub-contracting rather than manufacturing, leasing rather than buying assets, refusing to grow too quickly, making marketing agreements with established firms, buying a franchise rather than starting an independent business, hiring consultants when needed (rather than full-time accountants, lawyers and other specialists), hiring casual rather than permanent staff operating from home or sharing **office** expenses to keep overheads down, and so on. Not a bad set of strictures if they can mean the difference between entrepreneurial success and in a worst case scenario.....bankruptcy!

The relevance and utilisation amongst existing entrepreneurs of many of these risk reduction components will be tested within the study's research phase.

CHAPTER 3

The growing relevance of Globalisation

In today's complex, often chaotic and rapidly changing global environment, there is a growing body of evidence that points to the entrepreneurial paradigm as an effective process of transformation. Entrepreneurs, as agents of change, create what has not been created before and in the process, develop the needed structures, systems, processes and strategies reflecting the developing needs of the global environment.

We live in a period of complexity and discontinuous change. Several major demographic, economic, social and technological forces are creating disruptions and instability as new engines of economic growth begin to emerge.

Today, an interdependent culture is rapidly emerging as a new global paradigm is taking shape that is transforming the culture of any one nation state. Whether we look at environmental, economic, linguistic or social issues, a global reality is beginning to emerge that shares values that are often more similar between nation states, than those found within. Digitisation is responsible for the move from atoms (physical) to bits (information). When information became digitised, vast amounts of that information could be compressed and transmitted at the speed of light.

Kenichi Ohmae, in The End of the Nation State [Kenichi Ohmae 1995], highlights how computers and the internet have for instance changed the process of money transfer, by merely driving a series of bits to do their bidding. The Internet has emerged as a global method for small enterprise to reach their customers at any time, at any place, during the day or night.

This emerging external environment has its own complex and divergent structures, systems and behaviours. Traditional rules and regulations that governed boundaries in space and time during the Industrial Age have all but disappeared, as rapid structural and system changes brought about by the Information Technologies age, have stretched the rules to the limit of their capacity. Geographic boundaries and language barriers have been stripped of their significance as bits of information are transported by electronic means across borders to a mass audience that evermore understands the medium of that communication. The borderless world exists!

The challenge is to understand how this structure will impact upon our beliefs, behaviours and the systems we develop to create our future within this environment. All leading, therefore, to improve our entity's success rather than precipitate its failure.

Knowledge is the undisputed source of capital today. But even more important, is the need to develop our imagination to the point of discovering emerging opportunities within this rapidly changing global environment. Innovations have already outpaced the rate of human evolution in ever-growing quantum leaps, creating a large gap. Knowledge continues to grow exponentially while human evolution grows incrementally. We need to change our thinking to better reflect what is out there today.

Globalisation is a fact of life, as pointed out by Klaus Schwab and Claude Smadja of the World Economic Forum [Klaus Schwab 1996]. They point out the five basic elements of economic globalisation, which arguably is merely a more modem euphimism for the term 'international capitalism' of which entrepreneurship is surely a major underpinning contributor. These include:

1. The lightning speed with which capital moves across borders.
2. The redistribution of economic power.
3. The reduction of jobs in this emerging environment.
4. Popular skepticism of this emerging economic reality.
5. The spreading of economic risk across a broader International base.

What we are facing is a major economic and social paradigm shift where the exponential growth of information technologies and knowledge has created an ever-widening gap in human understanding of the impact and nature of this change.

Michael Porter, of Harvard University, in his definitive study of Global Competitiveness [Michael Porter 1991}, pointed to three major factors that separate successful firms from the unsuccessful. These three factors include:

1. Successful competitors thrive on niche markets.
2. An organisation must produce goods that command premium prices on world markets.
3. Relentless innovation and change equals increased productivity.

As Thomas Kuhn pointed out more than thirty years ago, changes occur in discontinuous and revolutionary manners, which he called paradigm shifts (Thomas Kuhn, 1962).

We need to leave behind the mechanistic view of the organisation and begin the process of transforming **mindsets** into three dimensional world views that embody entrepreneurial habits throughout the organisation. This major paradigm **shift** goes to the root of our civilisation's survival and requires a break with **mindsets** of the past, in order to create an enterprising mind set to deal with today's emerging realities.

John Naisbitt, in Global Paradox, points out that the bigger the world economy, the more **powerful** its smallest player [John **Nesbitt 1994].** The entrepreneur has indeed become the most significant player in today's global environment.

This has tremendous implications, not only for those seeking to begin and grow an enterprise, but also for large monolithic **organisations** stuck in their existing paradigms and unable to take advantage of today's global **opportunities.[Fritjof** Capra **1996] .** This reality is of course not necessarily all positive. Globalisation opens the way for many variables, which are no longer as identifiable or measurable as they were in the earlier historical context of purely operating within definable National economies. Issues such as increased international competition, political change and instability leading to unforeseen **events/laws/barriers** within specific markets, changes in national product demand caused by increased availability of international products are but a few of the issues that could impact the success or failure of a new venture in today's borderless market.

There is a growing body of thought, as evidenced in current literature on entrepreneurship, that entrepreneurs, as agents of change, create what has not been created before and thus initiate the needed transformation. Globalisation places this in a three dimensional context, and one which often is far less predictable and a good deal more challenging to the individual entrepreneur.

Structure

A structure refers to the elements and parts and how they function in relation to one another. By understanding the essence of these structures we can begin to understand how **they impact** upon human action and interaction with the external environment.

The Industrial Age was responsible for creating specialisation. Horizontal bureaucracies combined with hierarchical structures provided a rational means for spreading out work, leading to a proliferation of larger and more stable structures. By dividing up work and reducing it to specific pre-determined steps, specialisations emerged that invariably led to fragmented departmental structures which imposed and imprisoned participants within an intense control-coordination function and resultant apathy.

Today's emerging global economy requires a different set of structures to deal with external challenges that are discontinuous and rapidly changing in nature. Jack Welch, president and CEO of General Electric, pointed out in his **1992** letter to shareholders, that three factors were required to effectively compete in today's global environment. He described them as "Boundary-less, Speed, Stretch. Boundary-less people, pursuing stretch dreams within a nanosecond environment. [Jack Welch **1992]**

Robert Fritz points out how human beings pursue the path of least resistance based on the structures they have created for themselves, or have adapted to as participants of an organisation. People need to learn how to recognise the diverse structures that impact upon their lives in order that they can effect the needed changes to become effective participants in today's global environment. (Robert Fritz **1989)**

Edward de Bono, the father of lateral thinking, points out how these patterns allow us to cross the street without consciously performing several thousand tasks prior to taking the first step. By consciously seeking to break out of these patterns, entrepreneurs create new possibilities, as well as exploiting new opportunities, in the external environment. In the same manner, lateral thinking is designed to disrupt existing patterns in order to allow people to create what has not been created before. (Edward de Bono **1993)** It is by intense interaction within the external environment that entrepreneurs can **identify** market niches that can be exploited.

Systems

The question becomes: How can we increase the emergence and survival of these very structures? It is in the interest of existing bureaucratic and hierarchical structures to foster and indeed create entrepreneurial leading edge structures. A few early successes could enhance and ensure the existing organisation's very survival, as a result of the successes of these spin-offs. Indeed current literature shows a high number of individuals having left large organisations to spin off new enterprises on their own, after incubating them inside the existing organisation, to the inherent loss of their mother incubator organisation.

Systems are adaptive and self organizing in nature, allowing the individuals and enterprises to deal with the discontinuities and emerging challenges, while interacting internally and externally based on their uniqueness and differentiation. By pursuing their individual goals, and by sharing them with others, people achieve the highest form of evolution:

Progress

People have the capacity to create systems and structures that reflect their world views. Entrepreneurs, as agents of change, and creators of what has not been created before, build structures and embody systems that allow them to achieve their vision and by so doing progress the path of globalisation. In fact, the ultimate success of their enterprise depends on how effective and **efficient** their structures and systems are in dealing with the uncertainty and ever growing competitive complexity of the external environment.

CHAPTER 4
The Entrepreneur

Do core ingredients exist that form the 'entrepreneurial' recipe?

Many of the studies conducted thus far, and indeed most of the quoted textbooks, emphasize that successful entrepreneurs have an internal locus of control, have a higher need for independence and for achievement, and seem to thoroughly enjoy and even thrive on taking risks (Hisrich and Peters, 1992). In light of the specific questionnaire and study which is at the core of this thesis, it is both relevant and important to take note of what scholarly literature says about the Entrepreneur and his/her key motivars and psychological make-up.

Brockhaus, in an undated paper, discovered that there were some psychological and environmental factors, which distinguished the successful from the unsuccessful entrepreneur (Brockhaus, undated). Successful entrepreneurs were found to have a greater defined internal locus of control, were less satisfied with their previous jobs, were younger, and more of them were married than were the unsuccessful entrepreneurs.

In another influential study, the most important psychological factors judged by entrepreneurs to be related to success were the energetic participation in the endeavour, self-confidence, desire for being one's own boss, achievement need, liking of work, common sense and tenacity (Hornaday and Bunker, 1970).

Again Hornaday, this time with Aboud, studied the characteristics of successful entrepreneurs (Hornaday and Aboud, 1971). They found that successful entrepreneurs rated above average in their need for achievement, self-reliance, competitiveness, initiative, confidence, versatility, perseverance, resiliency, innovation and physical health.

Probably the most interesting previous research is that conducted by Grabinsky in 1987. His profile of the successful entrepreneur is somewhat different from the studies reviewed before. Grabinsky's profile of the entrepreneur depicts him or her as a restless, non-conformist person, somewhat obsessive and a consummate exploiter of himself and of his fellow workers. An individual with "flexible" ethics, especially with respect to his relationship with the government and even perhaps the strict letter of the law, but with above average intuition. He or she is also disciplined, a leader, with a capacity for organizing him or herself as well as others (Grabinsky, 1987). Grabinsky furthermore analysed the characteristics most frequently associated with the success of the entrepreneurs, as reported principally by their own self-analysis, and they were:

Characteristic	Selection Percentage
Innovation/Creativity	62
Persistence	60
Entrepreneurship	59
Self-confident	58
Positive attitude	58
Problem solver	36
Need for independence	28
Enjoy taking risks	23

Other less frequently mentioned characteristics were discipline, organisation, patience, and social skills.

The Entrepreneur as an intuitive risk-taker

Risk taking propensity has long been touted as a key factor differentiating small business owners and entrepreneurs from their managerial counterparts in both large and small organisations. Entrepreneurs are generally believed to take more risks than do managers (Masters and Meier, 1988) because the entrepreneur actually bears the ultimate responsibility for the decision (Gasse, 1982). Yet, contradictory results in numerous studies raise a number of issues about the measurement of the construct of risk taking propensity vis-a-vis entrepreneurship.

Cantillion, who wrote circa 1700, is generally attributed with the earliest cited definition of the word 'entrepreneur' (**Carland,** Hoy, Boulton and **Carland,** 1984). Among the characteristics which **Cantillion** identified was risk bearing (Kilby, 1971). Mill **(1848),** who was credited with bringing the term 'entrepreneur' into general use (Schumpeter, **1934),** also believed that the key difference between entrepreneurs and managers was risk bearing. Risk bearing or risk-taking behavior has continued to be a major aspect of entrepreneurship (Carland, et. al., **1984),** but the issue is far from settled. There have been a number of empirical studies of risk taking, and the results are frequently contradictory. Most notably, Brockhaus (1980) cast doubt on the traditional perspective with an empirical study that showed no differences between the risk taking characteristics of entrepreneurs, managers and the general public.

Some subsequent findings have corroborated this conclusion, leading to questions about the validity of the entrepreneur's higher propensity for risk taking. Potentially, the inconclusiveness may be due to methodological issues or perhaps one of ultimate interpretation of what indeed risk is, and how it may be viewed or defined quite differently by the commentator as against the very entrepreneur who is being researched and analysed.

Conflicting Results in Risk Taking Propensity

There have been a number of empirical studies of risk taking behavior; however, these studies have not produced uniform findings. In his recent book, Stewart (1996) examined risk-taking studies in entrepreneurship. He reports that the empirical studies employed a wide range of risk taking instruments; however, the Risk Taking Scale of the Jackson Personality Inventory (JPI) (Jackson, 1976) and the Kogan-Wallach Choice Dilemma Questionnaire (CDQ) (Kogan and Wallach, 1964; Wallach and Kogan, 1959, 1961) were the most frequently used instruments. Overall, the literature review shows far more support for higher propensity in risk taking by entrepreneurs. Despite this evidence, the findings by Brockhaus (1980) are the most widely cited; potentially a primary result of the stature of the journal in which that work appeared. Additionally, in those studies in which no differences in risk-taking were identified, the CDQ seems to have been most often the instrument of choice for risk measurement.

In a frequently cited Academy of Management Journal article, Brockhaus (1980), using the CDQ, examined the risk-taking propensity of entrepreneurs. He defined an entrepreneur as one who was a major owner and manager of a business venture who was not employed elsewhere. He examined three groups of individuals:

1. Business owners who had initiated their business ventures within three months prior to the study (N=31),
2. Managers who had changed positions in their companies within three months prior to the study (N=31), and
3. Managers who had changed employers within three months prior to the study (N=31). Finally, he compared the scores of the participants to the normative data reported by Kogan and Wallach (1964).

Brockhaus (1980) reasoned that using entrepreneurs near the beginning point of their ventures would include those that would ultimately fail, thereby eliminating bias from examining only successful entrepreneurs. Pairing these entrepreneurs with managers who had also undergone recent changes in their professions ensured that more stable individuals who might be less risk taking were not compared to the entrepreneurs. Employing the 'Analysis of Variance' procedure, Brockhaus (1980) found no statistical differences in risk taking propensity among the three groups. He furthermore found no difference between the respondents' scores and the normative Kogan-Wallach data. Brockhaus therefore concluded that the distribution of risk taking propensities of entrepreneurs was the same as that of the general population.

Masters and Meier **(1988)**, also using the CDQ, replicated the Brockhaus study. They examined a group of 50 people who were either managers or small business owners. The participants in the survey were drawn from a list of small business owners and managers who had attended management development workshops. Masters and Meier (1988) compared the mean scores for all respondents to the CDQ norms, the scores for male and female respondents to each other, and the scores for small business owners to those for managers. They did not disclose the size of the various subsets of the sample, but they did report finding no differences in the CDQ scores in any of the comparisons.

The **Carland, Carland** and Pearce (1995) study examined the risk-taking propensity of a sample of 114 entrepreneurs, 347 small business owners, and 387 managers using the Risk Scale of the JPI. Although the **Carland** et al. study used a convenience sample, the participants were located in 20 states, primarily in the South Eastern United States. Also, the number of respondents **(N=848)** suggested a level of confidence for this convenience sample approaching that of a random sample (Mason, 1982).

The primary focus of the **Carland** et al. (1995) investigation concerned managers and business owners. The results revealed that the owners in their study displayed a higher level of risk taking than did managers. They then examined differences among entrepreneurs, small business owners and managers, which revealed that the three groups of respondents displayed different levels of risk taking propensity. Entrepreneurs had the highest propensity for risk taking, followed by small business owners, with managers displaying the lowest level.

Entrepreneurs displayed a significantly higher risk-taking propensity than did small business owners or managers. The difference in scores between small business owners and managers was not statistically significant. The authors concluded that entrepreneurs whose goals are profit and growth are more likely to display a greater propensity for risk taking than either small business owners, whose primary goals are family needs oriented, or managers, who choose to stay within more structured organisations in which theirs is not the ultimate decision making responsibility.

The **Carland** et al. study also examined risk-taking propensity as it related to demographic differences such as sex, age and education. The results indicated that older participants exhibited a lower level of risk taking propensity than did younger participants. Higher levels of education led to higher propensities for risk taking among the participants in the study and finally, females in this study displayed a lower level of risk taking propensity than did males. Thus, using the JPI, the study resulted in differentiation on demographics, as well as among entrepreneurs, small business owners and managers.

However, does existing literature clearly show that risk-taking propensity is an attribute of entrepreneurship? It must be said that there is a substantial problematic in unequivocally reaching this conclusion, albeit the answer seems to be an intuitive **affirmative.** And yet the purely empirical results of past research still ultimately beg the question. A resolution that only further knowledge, research and experiential case studies will ultimately determine.

A Venture Capitalist's perspective of 'Risk Assessment'

Venture capitalists are conspicuously **successful** at predicting new venture success and numerous studies have investigated their decision-making (Sandberg and Hofer, 1987; Hall and Hofer, 1993).

The majority of research on venture capitalists' decision making has produced empirically derived lists of venture capitalists' "espoused" criteria which are the criteria venture capitalists report they use when evaluating new venture proposals (Gorman and **Sahlman,** 1986).

Social judgement theorists suggest that "espoused" decision processes may be a less than accurate reflection of "in use" decision processes (Priem and Harrison, 1994; Zacharakis, 1995). For example, studies have found that "espoused" processes typically employ a larger number of criteria than are actually used.

It has also been shown that in order to protect a perceived competitive advantage decision makers overstate the least important and understate the more important criteria when compared to the models derived from statistical analyses (Riquelme and Rickards, 1992). Prior research on venture capitalists' decision making is therefore possibly biased.

As a result of insufficient theoretical discussion and methodological uncertainties and limitations in previous research, **Sandberg** and Hofer (1987) believe there to be no thorough integrated explanation of new venture performance. Hall and Hofer (1993) propose that much remains to be understood about venture capitalists' decision making. It is therefore of relevance to arrive at an understanding of venture capitalists through the use of new venture strategy literature as a theoretical basis for the investigation of their decision making in the assessments of a new venture's probability of survival.

New Venture Entry Strategy

The majority of new venture strategy research relates to timing of entry into a market or industry (Lieberman and Montgomery, 1988; Mitchell, 1991). In general, it appears that early entrants have higher returns if they are successful (MacMillan, Siegal and SubbaNarisimha, 1985; DeCastro and Chrisman, 1995), but bear a higher risk of failure. However, the relationship between timing and performance appears more complex than the above statement depicts.

Stability of Key Success Factors

Requirements for success in a market may change radically with market evolution (Abell, 1978). Superior performance arises from a fit between the competencies of a venture and key success requirements (Andrews, 1987). Pioneers commit to a number of key factors they believe will lead to success within the competitive environment (Slater, 1993). If the competitive environment changes, so too may the 'key success factors' rendering the venture at a competitive disadvantage (Abell, 1978; Golder and Tellis, 1993).

Later followers are better able to recognise the attractiveness of a market, 'key success factors' necessary for entry, and are able to minimise the costs of entry through cutting RandD corners and/or leapfrogging the pioneering technology (Yip, 1982). However, if 'key success factors' within an industry remain stable, it can be argued that pioneers' early commitment to a new technology is likely to provide superior new venture performance such that the level of stability affects venture capitalists' assessment of probability of survival and that the probability of survival is significantly higher. These could be considered as 'key success factors'..

Educational Capability

There is often considerable uncertainty about the rate at which customers will substitute new for old technology (Porter, 1980; Lambkin and Day, 1989). Pioneers' potential customers often lack a frame of reference for understanding a new product concept (Slater, 1993) and the benefits of a venture's offerings.

A frame of reference needs to be constructed in order to encourage substitution into the industry. Customers then need to be persuaded that the benefits of purchase are greater than the risks (Slater, 1993; Rogers, 1983). Customers' frame of reference can be difficult and costly to construct, in terms of time as well as financial and human resources. If a venture already possesses these resources, it has educational capability that can be directed towards performing original market research and necessary market development (Stinchcombe, 1965). Venturers with high educational capability can hasten customer substitution into the industry (Slater, 1993; Rogers, 1983), thereby increasing industry and firm profitability (Porter, 1980).

Liability of newness is a concept introduced by Stinchcombe (1965) which associates greater risks of failure with ventures which lack stable links with other stakeholders (Stinchcombe 1965), and lack customer trust (Hannan and Freeman 1989) and these death risks decline proportionately with age (Freeman, Carroll and Hannan, 1983; Hannan and Freeman, 1984). While liability of newness declines with age (Hannan and Freeman 1989), it is apparent that risk of failure decreases as liabilities of newness are eliminated or minimised through risk reduction strategies (Douglas and Shepherd, 1997). It is proposed that a venture with educational capability can more rapidly develop stable links with key stakeholders and engender customer trust, which in turn results in heightened sales. This of course has the effect of reducing the risk of failure.

Lead Time

Barriers to entry initially provide pioneers a period of monopoly, that is, a lead-time, and thereafter minimise competitive rivalry within the industry. Together, lead-time and competitive rivalry provide greater understanding of new venture performance by identifying how an advantage is obtained and the means by which it slowly reduces over time. Lead-time is the period between the pioneer's entry into the market and the appearance of the first follower. A longer lead time may increase pioneering advantages through helping the pioneer establish an even stronger brand name (Schmalensee, 1982) and moving customers' ideal points closer to the pioneer's attribute mix (Carpenter and Nakamoto, 1989). Increasing lead-time helps pioneers further broaden their product line (Robinson and Fornell, 1985), provide superior profits and prepare for new battle grounds (Porter, 1980).

Along with higher market share as a result of longer lead times (Spital, 1983) and an opportunity to charge premium prices, the pioneer may also achieve cost advantages through experience effects (Abell and Hammond, 1979). These cost advantages put later entrants at a competitive disadvantage. Pioneers may be able to erect barriers that lock out followers (Porter,

1980), further lengthening lead-time. Therefore the market momentum supported by lead-time helps pioneers maintain their advantage. If lead-time is short however, little time is available to develop pioneering advantages, decreasing the advantages of early entry.

Little information exists in the literature specifically on the effect of lead-time on survival. However, it is reasonable to assume that a period of monopoly provides time for a venture to learn new tasks, to invent and overcome conflict in new roles, to develop a successful structure, to create stable links with stakeholders, and to develop some organisational inertia and organisational stability that will encourage customer trust.

In other words, in the absence of industry competitors, lead-time allows pioneers to minimise the liability of 'newness'. Reducing the liability of newness increases the probability of survival (Freeman, et al., 1983; Singh, House and Tucker, 1986). Reduced strain on resources, coupled with increased certainty, increases the probability of survival of later entrants over pioneers (Mitchell, 1991).

For Pioneers, venture capitalists' assessment of probability of survival is higher for long lead-times. For late followers, venture capitalists' assessment of probability of survival is higher for short lead-times.

Competitive Rivalry

Competitive intensity usually reduces average industry profitability (Porter, 1980; Slater, 1993). It has the effect of reducing pioneering advantages developed through lead-time.

Therefore, when competitive rivalry is low, the initial advantages developed during lead-time are likely to be more sustainable. Increased competition more quickly reduces initial advantages and creates pressure to reduce prices and consequently profitability.

Scope of Entry

A narrow scope strategy (otherwise defined as the ability to enter the industry across only a small field of competence) has been found to reduce direct competition with large firms (Broom, Longenecker and Moore, 1983) and reduce the strain on limited resources (Low and **MacMillan**, 1988). Growth can then proceed incrementally (Low and **MacMillan**, 1988) effectively staging the risk.

However, timing of entry might well moderate the relationship between scope of entry and survival. Romanelli (1989) found that when industry sales are increasing rapidly, broad scope firms are more likely to survive than are narrow scope firms. Rapidly increasing industry sales **typify** the environment of a pioneer (Miller, Wilson and **Gartner,** 1987).

Entry Wedge Mimicry

Lieberman and Montgomery (1988) believe an important research priority is the focus on the evaluation of specific entry mechanisms, rather than on General investigations of timing of entry. This concept of "mimicry" may help integrate Vesper's (1990) entry wedges into a conceptual framework of entry mechanisms.

Entry wedges are competitive weapons that may be used to enter an industry, and comprise one of the few attempts to explain entry mechanisms. High mimicry represents a high level of imitation of others' entry wedges. This concept is useful in explaining franchising. A franchisee buys **and/or** rents from the franchisor the use of a hopefully proven proprietary entry wedge and competitive shield (Vesper, 1990).

A "low mimicry" entry wedge may be achieved through offering a product or service and/or introducing a marketing innovation that allows the entrant to overcome barriers to entry (Porter, 1980).

Innovation need not be a technological breakthrough (Karakaya and Kobu, 1994) or the creation of a new industry with a product's introduction- both developments are extremely rare (Vesper, 1990) but would be considered the extreme case of low mimicry. This concept of "low mimicry'" supports Vesper's (1990) 'new product' entry wedge.

Franquesa and Cooper (1996) found lower survival rates for ventures which used innovative strategies based on relatively unique products or services than those which used less innovative strategies, **Carbone** (1989) found a greater likelihood of survival in firms which used high mimicry entry wedges, such as franchising. Ventures using a high mimicry entry wedge apparently benefit from lower cost of entry and use of a proven formula than those using low mimicry entry wedges. Examples of proven formulae include an established market, intellectually protected **product/name** and financial and managerial advice. Shane (1996) found that the more complex the franchise concept, the less likely the franchisee would survive. Added complexity retards mimicry and therefore decreases chances of survival.

Industry Related Competence

Shepherd, Crouch and **Carsrud** (1997) propose that a venture with a management team that has little industry related competence can be considered more new than a venture whose management team has experience and knowledge with the targeted industry. Little industry related competence indicates that a venture lacks important industry contacts, credibility with buyers and other industry specific information. This equates to greater liability of newness and therefore greater risk of failure (Freeman, et al., 1983). This is supported by Bruderl, Preisendorfer and Ziegler (1992) who found industry specific human capital to be a significant determinant of venture survival. Table one summarises the previous review data to identify the 'Key Factors' in Entrepreneurial success.

Table 1: Key Factors in Entrepreneurial Success - Levels and Definitions

Factor	**Level**	**Definition**
Timing of entry	Pioneer	Enters a new industry first
	Late follower	Enters an industry late in the industry's stage of development
Key Success	High	Requirements necessary for success will not change radically
Factor Stability	Low	During industry development requirements necessary for success will change radically during industry development
Educational	High	Considerable resources and skills available to overcome market ignorance through education
Capability	Low	Few resources or skills available to overcome market ignorance through education
Lead-Time	Long	An extended period of monopoly for the first entrant prior to competitors entering the industry
	Short	A minimal period of monopoly for the first entrant prior to competitors entering the industry
Competitive	High	Intense competition among industry members during industry development
Rivalry	Low	Little competition among industry members during industry development
Entry Wedge	High	Considerable imitation of the mechanisms used by other firms to enter this, or any other industry, e.g., a franchisee

Mimicry	Low	Minimal imitation of the mechanisms used by other firms to enter this, or any other industry, e.g. introducing a new product
Scope	Broad	A firm that spreads its resources across a wide spectrum of the market, e.g., many segments of the market
	Narrow	A firm that concentrates on intensively exploiting a small segment of the market, e.g., targeting a niche
Industry	High	Venturer has considerable experience and knowledge with the industry, being entered on a related industry
Competence	Low	Venturer has minimal experience and knowledge with the industry being entered or related industry

These are among the key propositions that venture capitalists currently pose to help them model an empirical overview of the ventures' probability of survival. In conclusion therefore are venture capitalists' decision policies optimal? Can venture capitalists decision-making be improved? What can venture initiators learn from the process utilised by venture capitalists? Only time, experience and research will answer those questions. The ultimate goal however, is the maximisation of efficiency in successful venture identification and support.

Can Psychological Characteristics Predict Entrepreneurial Orientation?

A significant number of influential authors and studies contend that ultimately there is no characteristic, predisposition, or set of traits at the individual entrepreneur level of analysis that consistently 'predicts' entrepreneurial activity (e.g., Sandberg and Hofer, 1987). It will be this study's aim and contention that this standpoint is indeed incorrect and that set psychological characteristics can in fact be predetermined among entrepreneurial subjects.

Among the major problems entrepreneurship scholars have faced in seeking to understand these phenomena is disagreement on the definition of key terms. Inconsistent findings in the relationship between entrepreneurship and traits may be due to the fact that scholars have used various definitions. Lumpkin and Dess (1996) conceptual work however aimed at construct clarification and refinement. In effect, it served to 'disaggregate' entrepreneurial processes into distinct dimensions or sub-constructs. Scale development research on the Entrepreneurial Orientation construct (Lumpkin, 1998) revealed a set of five distinct dimensions:

1. **Product/service** innovativeness, a tendency to support creativity and experimentation in introducing new productslservices;
2. Process innovativeness, a willingness to support novelty and technological research in developing new processes;
3. Risk taking, a willingness to take bold actions with uncertain outcomes;
4. Proactiveness, a forward-looking perspective involving acting in anticipation of future demand or change; and
5. Competitive aggressiveness, a tendency to be forceful and combative in efforts to outperform industry rivals.

Entrepreneurial orientation, when viewed in terms of these five dimensions, can be thought of as an organisational **mindset** that firms use to adapt to the business environment. As a result, it is related to the unique contexts in which an organisation operates. Therefore, we may expect that characteristics of a firm's organisation and environment will be important corollaries of the entrepreneurial orientation adopted by a given organisation **(Lumpkin** and Dess, 1996).

However, entrepreneurial orientation may also be related to the personality characteristics of a firm's founders. It is widely recognised that founders and executives of an organisation can exert important influences on the actions of the organisation. For example, attraction-selection-attrition frameworks assert that the values of the founders will influence the value system in the organisation because the founders will try to attract and select people who share their values. New entrants will also try to find organisations that fit their value systems (Schneider, Goldstein and Smith 1995).

As a result, the values of the founders exert **important** influences on the organisational culture. In newly established entrepreneurial organisations, founders of the organisation are **often** able to shape the structures and strategies of the organisation and to lead the organisation in a direction that is consistent with their personal tendencies.

Consequently, we may expect that personality characteristics of the entrepreneurs will indeed influence the entrepreneurial orientation of the organisation.

Identifying the relationship between personality characteristics and entrepreneurial orientation is important for theoretical and practical reasons, because entrepreneurs with a certain personality trait may have a tendency to **identify** with a sub-optimal entrepreneurial orientation and identifying this tendency may provide benefits to the organisation. In the past, achievement need, tolerance for ambiguity, risk taking and locus of control were analyzed with respect to entrepreneurial characteristics and were identified as correlates of being or desiring to be an entrepreneur (Ahmed, 1985; **Begley** and Boyd, 1987; **Bonnett** and **Furnham**, 1991). Due to its definition and conceptual closeness to achievement need, affiliation need is also included in the analyses that follow. The subsections that follow highlight five personality characteristics and speculate about how they might be related to each of the dimensions of an entrepreneurial orientation.

Achievement Motivation

Achievement motivation can be defined as "behaviour towards competition with a standard of excellence" (McClelland, 1953). People who have high levels of achievement motivation tend to set challenging goals, and try to achieve these goals. These people value feedback and use it to assess their accomplishments. They have a strong desire for self-efficacy and persist on a task only if they believe that they are likely to succeed. Achievement motivation is accepted as an important characteristic of the individual and influences work behaviors to a great extent.

Achievement motivation is a trait that is prevalent among entrepreneurs. Research indicates that it is higher in company founders, compared to managers (**Begley** and Boyd, 1987; Miner, Smith and Bracker, 1989). It is also related to company growth (Miner et al., 1989). Such findings that relate the level of achievement motivation of the founders and the financial growth of the organisation may stem from a relationship between the personality traits of founders and the levels of entrepreneurial orientation they exhibit.

Certain characteristics of individuals with high achievement need may lead to different levels of entrepreneurial styles. For example, **McClelland** and Koestner (1992) suggested that people with high levels of achievement motivation will be future oriented and will take tasks seriously if they believe that current tasks will influence **future** goals. In addition, in a student sample, achievement motivation was positively correlated with proactiveness (**Bateman** and Crant, 1993). If personality traits of founders are reflected in the entrepreneurial orientation of an organisation, it may be possible to observe higher levels of proactiveness in these companies. Proactiveness requires a preoccupation with future goals and high levels of achievement motivation may make the company more proactive.

Achievement motivation may also be linked to the innovation of the organisation. Research linking achievement motivation to creativity suggests that in a highly intelligent group of children, achievement motivation explained high levels of variance in creativity (Jaswal and Jerath, 1991). In an entrepreneurial sample, achievement motivation was correlated with personal innovation (Miner et al., ***1989).*** The innovation of the founders may make the organisation more innovative due to its impact on organisational culture.

Achievement motivation refers to a desire to outperform other people. People with achievement motivation find satisfaction in comparing themselves to others and are motivated by this comparison. In college students, people with high achievement motivation are found to pursue competitive strategies (Ward, ***1995).*** These results may suggest a link between achievement motivation and competitive aggressiveness.

Affiliation Need

Affiliation need refers to a desire to be close to other people in order to feel reassured that the self is acceptable **(McClelland, *1953).*** People with higher levels of affiliation need tend to spend a significant amount of time socializing with other people. These people try to maintain harmonious relationships with others and may sometimes sacrifice work success to protect these relationships. People with high levels of affiliation need have a strong desire to be liked by their co-workers and subordinates, and this may influence their performance in a negative manner.

Based on this definition, it is possible to draw links between entrepreneurial styles and **affiliation** need. For example, one may expect a negative relationship between **affiliation** need and proactiveness.

Proactiveness requires a certain level of future orientation, whereas people with affiliation need may be more concerned with protecting the status quo in order to protect their relationships with others. In addition, it may be possible to observe lower levels of competitive aggressiveness, because people with high levels of affiliation need want to be liked by people around them and they may avoid thinking in competitive terms. Being aggressive towards the competition may lead some people to have a negative attitude towards them and they may prefer to avoid these negative feelings.

Locus of Control

Locus of control refers to the perceived control over the events in one's life (Rotter, ***1966).*** People with internal locus of control believe that they are able to control what happens in their lives. On the other hand, people with external locus of control tend to believe that most of the events in their lives result **from** being lucky, being at the right place at the right time, and the behaviors of powerful individuals. People's beliefs in personal control over their lives influence their perception of important events, their attitude towards life, and their work behaviors. In a student sample, internal locus of control was associated with a desire to become an entrepreneur (Bonnett and Furnham, **199 1).** Internal locus of control of the founders is associated with company performance (Boone, **DeBrabander** and Van **Witteloostujin, 1996;** Nwachukwu, **1995).** The impact of locus of control on company performance may stem from a relationship between locus of control and entrepreneurial orientation.

Locus of control may be related to proactiveness. When the individuals believe that they can make a difference in their lives by performing certain actions, they may be more willing to think about the future and act proactively. Research indicates that people with higher degrees of internal locus of control tend to monitor the environment to obtain information (Van Zuuren and Wolfs, **1991).** This tendency may be the result of a desire to act on the environment.

Internal locus of control may also be related to risk-taking orientation. Research shows that internals tend to estimate probability of failure as lower and decide in favour of risky options **(Hendrickx, VIek** and **CaIje, 1992).** As an example of this tendency, internals are found to plan for expansion of their businesses even when unemployment rates are high (Ward, **1993).** These results show that firms in which founders have higher internal locus of control may be more risk taking.

There is also reason to expect a positive relationship between locus of control, innovation and competitive aggressiveness. To the extent that individuals feel that being competitively aggressive or being innovative are ways of exerting control over the environment, we can expect a positive relationship between these variables.

Risk-Taking Propensity

Risk-taking propensity is defined as "the perceived probability of receiving rewards associated with the success of a situation that is required by the individual before he will subject himself to the consequences associated with failure, the alternative situation providing less reward as well as less severe consequences than the proposed situationw **(Brockhaus, 1980).** Risk taking is identified as a trait that distinguishes entrepreneurs from non-entrepreneurs and managers (Ahmed, **1985;** Shane, **1996;** Miner et al., **1989).** The level of risk-taking propensity of the owners may lead to certain entrepreneurial orientations.

Risk-taking propensity of the individual founder is expected to be related to the risk-taking level of the entrepreneurial firm. When entrepreneurs have the ability to influence the actions of the organisation with their personal decisions, their personal characteristics may be reflected in the actions of the organisation and as a result the organisation may be more risk taking.

Risk-taking propensity may positively influence innovation, especially product innovation. Product innovation requires a certain degree of tolerance for taking risks, because innovation benefits **from** a willingness to take risks and tolerate failures. The risk-taking propensity of the founders and owners will positively influence innovative attempts of the employees and as a result the organisation may adopt an innovative orientation to face the competition.

Tolerance for Ambiguity

Budner (1962) defines intolerance for ambiguity as "a tendency to perceive ambiguous situations as sources of threat." From this definition, we can infer that tolerance for ambiguity refers to a tendency to perceive ambiguous situations in a more neutral way. People who have low levels of tolerance for ambiguity tend to find unstructured and uncertain situations uncomfortable and want to avoid these situations. A certain level of tolerance for ambiguity may influence organisational success positively because organisational events are uncertain and unstructured most of the time and organisational success requires the willingness and ability to cope with uncertainty.

Tolerance for ambiguity may be related to certain entrepreneurial styles. Tolerance for ambiguity is found to be related to personal creativity (Tegano, 1990) and the ability to produce more ideas during brainstorming (Comadena, 1984). These findings suggest that creativity and innovation requires a certain level of tolerance for ambiguity. The ability to tolerate ambiguous situations may also be positively related to the risk-taking style of the organisation. Risk taking requires a certain level of tolerance for ambiguity. Additionally, research indicates that people with intolerance for ambiguity tend to perceive higher levels of risk under the same circumstances (Tsui, 1993). This tendency may lead them to select less risky alternatives. Tolerance for ambiguity may also be positively related to proactiveness. Proactiveness requires a desire to think about the future and take actions to answer future situations and threats. Proactive organisations need to think beyond conventional ways of operating and question the status quo. As a result, proactiveness requires the capability to handle the unknown. People who are able to tolerate ambiguity may lead their organisations to become more proactive.

Adaptation as an integral art within successful Entrepreneurial Concepts

It is often argued that timely adaptation of one's broadly defined business concept has more to do with entrepreneurial success than having the absolutely right concept from the start or being in the right place at the right time. It is the aim of the study to follow, to either prove or disprove this underlying theory.

Entrepreneurship has been defined in terms of "new combinations of resources" (Schumpeter, 1934; Stevenson, et al., 1989). As such, there is some level of novelty, newness and innovation involved in any start-up venture. The entrepreneur is dealing with the unknown, which implies both uncertainty and risk. The uncertainty concerns not only the nature and size of the opportunity, but also the design of a business concept that seeks to capitalise on that opportunity.

Opportunities exist in the external environment and are created by such factors as new knowledge, demographic change, new sources of financing (e.g. an angel emerges), and changes in industry structures (see Drucker, 1985). Any given opportunity can be capitalised upon in a variety of ways.

While one could debate whether venture failure is more often related to an inadequate opportunity (i.e., either non-existent or too small) or a poor business concept (i.e., incomplete, inconsistent, ill defined, or not sufficiently unique), certainly the latter is more controllable by the entrepreneur. Further, although much is made of the entrepreneur as a visionary, one might question how many entrepreneurs are sufficiently prescient as to define the business concept correctly from the outset. Having recognised an opportunity, some entrepreneurs actually do specify a business concept that succeeds with virtually no modification from the outset. However, it would seem more likely that one of the following scenarios develops in the large majority of instances:

- the entrepreneur has a well-defined and sound concept, doesn't stay with it long enough, and fails;
- the entrepreneur has a well-defined and sound concept, modifies it when it should not have been modified, and fails;
- the entrepreneur has a good concept that initially works, but market circumstances quickly change, and he/she makes the necessary adaptations;
- the entrepreneur's general concept has promise, but he/she succeeds only because of timely adaptation of the concept as circumstances evolve;

- the entrepreneur has an partially or completely ill-defined concept, makes significant changes to it, and succeeds;
- the entrepreneur's concept is poor **from** the beginning, **he/she** refuses to make modifications before it is too late,
- the entrepreneur's concept is poor from the beginning, and in spite of **his/her** willingness, no amount of modification can salvage it;

The first two scenarios above are concerned with timing, and the nature of the window of opportunity. The other five are concerned with good and bad concepts that succeed or fail as a function of how well the entrepreneur adapts the concept over time.

Entrepreneurship and Adaptation

When trying to understand the entrepreneur, many have studied **his/her** personality traits and thinking styles. Personality is an abstraction for those enduring characteristics of the person that are significant to **his/her** behavior over time (Lanyon and Goodstein, 1982). The one conclusion that can be drawn from over thirty years of research on the entrepreneurial personality is that there is not one all- encompassing personality profile. Different types of entrepreneurs can be identified **(e.g.**, Miner, 1996). Thus, rather than a single set of attitudes and traits that define the entrepreneur, a range of characteristics are associated with this personality (Kao, 1991; Timmons, 1990).

And yet, certain characteristics are consistently found in successful entrepreneurs, even if in somewhat varying degrees, while other characteristics are not consistently found. Three of the most consistent characteristics are the tendency for the entrepreneur to be fairly tolerant of ambiguity, to have a locus of control that is more internal than external, and to be willing to take risks that are relatively calculated. Alternatively, such characteristics as creativity, desire for independence, persuasiveness, and being well organised are found with less consistency or demonstrate much more variability.

It would seem that the traits found in entrepreneurial individuals are singularly related to the underlying characteristics of the entrepreneurial venture. Thus, entrepreneurial ventures themselves are apt to involve considerable ambiguity, contain numerous variables that do not readily lend themselves to control, and entail a moderate to high level of risk. Each of these characteristics is likely to occur in varying degrees, as one is likely to encounter even more variability among ventures than among individuals. However, as one finds greater degrees of each of these characteristics in a venture, it would seem that the adaptability of the entrepreneur, as reflected in changes to the business concept, the resources required, and the approach to implementation, becomes especially paramount.

The Concept of Adaptation

Two of the theoretical foundations within the field of entrepreneurship are "population ecology" and "strategic adaptation" (Morris, Sexton, and Lewis, 1993). Population ecology posits that individual goal-driven behavior is much less relevant than environmental selection procedures in determining entrepreneurial success or failure. Strategic adaptation assumes that the key to entrepreneurial success lies in the decisions of individual entrepreneurs who identify opportunities, develop strategies, assemble resource, and demonstrate initiative.

Organisations do survive or fail as a function of their fit within an ecological niche in the marketplace. Not only do the strong survive but the strong are those who are best able to read and interpret patterns in the environment and adapt over time. A favoured contention is that this ability to adapt, is less a function of luck, being in the right place at the right time, or access to resources or information that others do not have, and more a function of the individual entrepreneur and **his/her** ability to learn.

Much emphasis is placed today on the "learning organisation" and the "learning manager". In this context, learning refers to "the acquisition of new knowledge by actors who are able and willing to apply that knowledge in making decisions or influencing others in the organisation" (Miller, 1996, 485). Yet another perspective on the concept includes the "unlearning of old routines as a parallel activity to the learning of new routines" (Markoczy, 1994, 5). The outcome of organisational learning is that "the range of potential behaviors is changed" (Wilpert, 1995, 59). Stated differently, adaptation is the result of learning. There is some evidence of a relationship between an organisation's dependence on a "concentrated critical environment" and the amount of attention spent by an organisation on learning about that environment in order to satisfy or influence it (Markoczy, 1994, 5). This relationship can be extended to include organisational adaptation, by describing how organisational practices and structures adapt to the demands of a given environment.

Some of the factors that appear to determine an organisation's ability to adapt to changing environments include leadership, culture strength, tradition, and the economics of the business (Burack, et al., 1994). The role of a leader in this context has been described as "facilitating the adoption of an organisational vision, maintaining the necessary, long-term focus on goals (even though the precise nature of those goals is continually evolving), and overseeing the continual adaptation of the organisation to its changing environment" (Kobrak, 1993, 319). Specific requirements include teamwork, an intensity of involvement with people, a strong emphasis on their personal and professional development, a toleration of greater ambiguity of authority to empower the organisation, and developing in employees a balanced mix of both an intellectual and an action orientation (Kobrak, 1993). The inference is that there must be a specific methodology in place that, for want of a better term, can be labeled "change management".

Relating specifically to entrepreneurial organisations, recent work suggests that individuals will react differently to the need to adapt to their environment based on such factors as their psychological make-up and the existence of tangible incentives to change (Starr and Fondas, 1992). Four motivational bases for adaptation in an entrepreneurial context have been identified: personality, anxiety or stress reduction, whether or not the individual specifically chose the position he or she is now in, and the existence and value of rewards. Such personality traits as the need for control and an individual's level of self-esteem are thought to affect one's ability or willingness to adapt to an environment. Further, characteristics such as an ability to manage risk and tolerance for ambiguity have been shown to influence the performance of a new organisation (Starr and Fondas, 1992).

Adaptation is likely to occur in different degrees and different ways depending on where an organisation is in its life cycle. For instance, it has been posited that innovation (as a form of adaptation) differs in type and rate between small and large firms (Lengnick-Hall, 1992). In start-up entrepreneurial ventures, adaptation would seem perhaps more critical than at any other stage in the life cycle. Not only are products, markets, channels, and marketing approaches not well-established, but the organisation is not well-buffered from external developments, but there is often meaningful environmental turbulence, such that one bad move can mean the demise of the business. The ability to learn and adapt becomes a key venture competency. Of course, adaptation implies a level of flexibility, which is an attribute associated with start-up ventures. And yet, in start-up ventures, learning is not likely to be as well organised or systematic as in other stages of the life cycle. External networks are not well-defined or solidified, and the company's intelligence gathering systems are typically unsophisticated and non-comprehensive in terms of the range of variables in the environment (e.g., competition, technology, etc.) that are regularly monitored.

Ambiguity and the Need for Adaptation

Ambiguity is present where situations have inconsistent features, contradictions or paradoxes. Budner (1962) defines an ambiguous situation as one that cannot be adequately structured or categorised by an individual because of the lack of sufficient cues. **McCaskey** (1982) describes ambiguous situations in terms of the following eleven characteristics:

Nature of the problem is unclear, constantly shifting, and closely intertwined with a number of other problems;

Information gathering is problematic and information is unreliable typically because the definition of the problem is vague and unclear;

3. **Multiple/conflicting** interpretations exist from the same available information;
4. Different value interpretations exist, absent objective criteria, people rely on personal or professional values to make sense of the situation;
5. Goals are unclear, conflicting or multiple;
6. Time, money or attention is lacking, making things more chaotic;
7. Roles are vague, responsibilities are unclear;
8. There is no clearly defined set of activities that players are expected to perform;
9. Success measures are lacking, people may be unsure of what success means;
10. Cause-effect relationships are unclear, such that even if they are sure of the effects they desire, they are uncertain as to how to obtain them;
11. Variable participation in decision making with the identity of key decision makers and influence holders changes as players enter and leave the decision arena.

When applied to the entrepreneurial venture, eight of these eleven characteristics are commonly found. Only:

- the presence of fairly well-defined goals,
- the availability of objective measures of success, and
- the fact that decision-making is dominated by the entrepreneur,

represent major exceptions. Even in these areas, though, ambiguities do arise. Goals of investors may differ **from** those of the entrepreneur; what appears to be successful in terms of short-term financial measures may actually be a flawed business; and decision-making can tie influenced by the occasional inputs of financiers, suppliers, distributors and customers, as well as by various family members in family-owned ventures. Further, the contemporary environment is one in which firms must innovate more, and do so more quickly. Higher levels of innovation, combined with rapid changes in technology and market structure, imply greater ambiguity.

The literature has put significant emphasis on the entrepreneur's tolerance of ambiguity. Tolerance refers to the tendency to perceive ambiguous situations as acceptable, if not desirable, whereas intolerance is the tendency to interpret such situations as sources of threat. Durrheim (1995) defines the primary characteristics of intolerance of ambiguity as:

(a) the need for categorisation,
(b) need for certainty,
(c) inability to allow for the co-existence of positive and negative features in the same object, such as good and bad traits in the same person,
(d) the acceptance of attributes representing a rigid black and white view of life,
(e) a preference for the familiar over the unfamiliar,
(f) a positive rejecting of the different and unusual,
(g) resistance to reversal of apparent fluctuating stimuli,
(h) the early selection and maintenance of one solution in a perceptually ambiguous situation, and
(i) premature closure

McCaskey (1982) found general agreement within the cognitive psychology literature on five basic principles of human nature. The most important principle suggested the mind is an inference machine that actively imposes order on highly ambiguous situations. In other words, the mind strives to bring order, simplicity and stability to the world it encounters. Some people seem to tolerate high levels of ambiguity before eventually imposing order, while others seem to prefer ambiguity as a way of avoiding unpleasant facts. For some, tolerating ambiguity implies personal failure in terms of their understanding or skills. McCaskey asserts that ambiguity is a rich, if frustrating, experience that can only be managed if one first allows the ambiguities to exist. He warns against denying ambiguity or attempting to impose clear meaning on ambiguous events before they have had time to properly manifest themselves.

Not surprisingly then, Begley and Boyd (1986) demonstrated that founders of small firms displayed higher tolerance for ambiguity than did non-founders. Other research indicates that successful entrepreneurs tolerate risk, ambiguity and uncertainty (Timmons, 1990). Bird (1989) suggests that the entrepreneur's comfort with uncertainty and tendency to be energized by not knowing how, when or where a solution to a critical concern will come may be more important to the success of a venture than is his/her generalized risk preference.

However, it is not enough to simply conclude that entrepreneurs tend to be tolerant of ambiguity. The issue becomes one of determining how they manage that ambiguity. One answer lies in continuous adaptation, and that the greater the ambiguity in a venture, the greater the need for adaptation. As noted above, the principal characteristics of ambiguous situations can lead to denial and risk averting behaviour and, while large bureaucratic organisations can afford to respond in this manner, entrepreneurial organisations cannot (Jelinek and Litterer, 1995). Situations with inconsistencies and paradoxes require fluid, flexible and adaptive forms of organisation. They suggest a need for entrepreneurs who can move quickly in any number of different directions. To deal with ambiguity, adaptability can take the form of a loose organisation structure and controls, jobs that are typically less defined and are continually changed, augmentation of staff as needs arise, and a readiness for setbacks and surprises. Further, entrepreneurs must be able shift from function to function, and role to role, one day stuffing envelopes and the next, coordinating an investors' meeting. They must also be able to adapt their time frames from long-term to short-term and vice versa, in times of uncertainty (Bird and Jelinek, 1988).

Risk and the Need for Adaptation

Some would suggest that the essence of the entrepreneurial function is risk measurement and risk taking (Dickson and Giglierano, 1989; Hisrich and Peters, 1992). Risk in this context refers to the combined probability of loss and magnitude of loss involved in pursuing a given course of action. Entrepreneurs face uncertainty and possible loss in at least five key areas: (a) financial, (b) social and familial (c) emotional and physical (d) career or future employability and (e) organisational. Moreover, in entrepreneurial ventures, there is usually a concentration of risk in one or a few products, markets and people, and usually no cushion to absorb bad decisions (Cooper, 1989). Further, in addition to the inherent risk in a given venture, risk is greater the more limited the entrepreneur's control over resources, the more limited or unreliable the available information is, and the less time the entrepreneur has in which to make decisions.

Risk is perceived, and so is a psychological construct. Some have argued that the risk-taking propensity of entrepreneurs does not differ significantly from that of conventional managers (Vesper, 1982). Brockhaus (1982) suggests that risk-taking may not be linked to either the entrepreneurial decision, or to the success of the enterprise. However, more recent research indicates that entrepreneurs score higher on risk-taking than do non-entrepreneurs (Falbe and Larwood, 1995). And yet, they tend to be moderate or calculated risk-takers (Morris, 1997). Entrepreneurs are risk acceptors who are often perceived as being risk-oriented or risk-seeking by those who are more risk averse. They make calculated risk assessments, based on inputs not available to, or not appreciated by, others. At the same time, it may be that the process of entrepreneurship increases the desire for moderate levels of risk, thus causing a larger percentage of established entrepreneurs to appear to be moderate risk-takers. Another explanation may be that those entrepreneurs who have a propensity for low or high levels of risk may cease to be entrepreneurs at a greater rate than those with more moderate propensities (Brockhaus, 1982).

Calculated risk-taking implies an awareness of the various risk factors and underlying sources of risk that surround the venture. Entrepreneurs find themselves surrounded by the uncertainty that results from a turbulent external environment and an untested business concept. Stevenson (1989) concludes that this set of circumstances pushes one in the direction of accepting risk as a given, and developing shorter time frames for decision response. Therefore, risk-taking, at least in the form of making quick decisions without complete information, is often the most rational choice. However, calculated risk-taking also implies an attempt on the part of the entrepreneur to find ways to mitigate, shift or share risks. Adaptation becomes a vehicle for doing so, in that an awareness of key risk factors leads to recognition of the need to plan for contingencies, and to make modifications to one's approach as specific risk factors materialise. The greater the perceived risk, the more critical adaptation becomes as a risk management tool.

One critical form that adaptation takes, as a risk-management strategy, is what Hamel and Prahalad (1992) refer to as "coming to bat more often". This is an approach that moves the venture away from cautious approaches to new products and markets where the firm attempts to ensure a "home run". Instead, the emphasis is on a higher number of new product and service permutations, market trials and experiments, and entry into various niches. The firm quickly adapts based on the learning that results from more frequent, lower-risk market incursions.

Control and the Need for Adaptation

Entrepreneurial ventures also differ in how much control the entrepreneur has over key variables that ultimately determine failure or success. Where entrepreneurs have limited control over such variables as customer demand, price, distribution, market positioning, use of a technology, access to raw materials, availability of financial resources, availability and loyalty of qualified staff, or legal rights and liabilities, their venture becomes more vulnerable. Control is achieved in a variety of ways, ranging from patents and ownership of key physical assets to exclusive agreements, long-term contracts, and relationship building.

The related concept at the level of the individual entrepreneur is 'locus of control'. Locus of control is a generalized expectancy regarding the connection between personal characteristics and/or actions and experienced outcomes. Those who believe that outcomes are generally d pendent on the work they put in will exert themselves more whilst those individuals living in less responsive milieus may fail to see the connection between effort and outcomes (Robinson, Shaver and Wrightsman, 1991).

A responsible individual who does not believe that the outcome of a business venture will be influenced by his efforts is unlikely to expose himself to the high penalties that accompany failure (Brockhaus, 1982). Rotter's (1966) locus of control theory states that an individual perceives the outcome of an event as being either within or beyond his personal control and understanding, and further hypothesizes that individuals with internal beliefs would more likely strive for achievements than would individuals with external beliefs. Others have verified that individuals with internal beliefs do in fact have a more pronounced need for achievement (see Bird, 1989).

An internal locus of control may therefore be associated with a more active effort to affect the outcome of the business venture through ongoing adjustments (Brockhaus, 1982). Bird (1989) argues that being able to make something happen is a defining behavioural competency of entrepreneurs and that this "can do" belief is related to other beliefs about control. Entrepreneurs have been characterized as internals and believe their behaviour to be relatively decisive in determining their fate (Gasse, 1982). One study demonstrated that internals more actively seek out strategic information and knowledge relevant to their situation (**Seeman** and Evans, 1962). Such information search would seem to be a critical requirement for adaptability. Brockhaus (1982) found that business owners who survived three years in business had a greater internal locus of control than those who had not survived.

While **he/she** may have more of an internal locus of control, the contemporary entrepreneur must compete in an environment where events are less controllable. Some of the reasons for this conclusion include the fact that:

- the rate of new start-ups is at historically high levels;
- the rate of new product and service development is unprecedented;
- markets are increasingly fragmented, segmented and niched;
- product life cycles, technology life cycles and windows of opportunity are getting shorter;
- assets are becoming obsolete faster, or have a longer life than the time period for which they create meaningful value.

As entrepreneurs find they have less control, adaptation becomes a critical strategy. Instead of owning assets and resources, they emphasise flexibility by actively seeking to leverage, lease, borrow, rent outsource or contract for resources. The venture with limited resources and control can also greatly enhance its image and apparent size and scope of operation through creative leveraging of resources. Entrepreneurs with limited control also find they are better able to influence events by forming strategic alliances and partnerships. These alliances typically have a very specific focus, and may have an intentionally limited life. Networks are another component of an adaptation strategy. The entrepreneur with limited control is able to magnify both **his/her** reach or influence through well-constructed and cultivated networks. The end-result of such leveraging, **partnering,** and networking is a more fluid business concept, where there are continuous modifications to the product mix, the served customer base, the facilities and location **from** which one operates, the financial structure of the enterprise, and so forth.

CHAPTER 5

Conceptual Framework and Methodology

An Entrepreneurial Model

Entrepreneurs introduce newly designed products and services, launch new companies, and create new markets through innovation and the ability to recognise opportunity, often when others do not notice such openings in the competitive market. The tremendous amount of uncertainty surrounding an entrepreneurial venture may contribute to a lack of rigidity with respect to policies and procedures, because the entrepreneur and the firm need to remain flexible to sudden changes and able to adapt quickly in a volatile market. How are entrepreneurs and the firms they conceive uniquely positioned with respect to the development and implementation of successful strategies? And is there any support for the proposition that there is little distinction between the experiential background and character of the individual entrepreneur across a wide variety of industry and vocational sectors? Some suggest that a simple mathematical formula can facilitate an objective, endogenous program for measuring values-oriented activity in the firm. The research that I chose to undertake sought to both test and answer these rather generic perceptions as well as to **identify** and verbalise the key constituent characteristics and motivars of the successful entrepreneur.

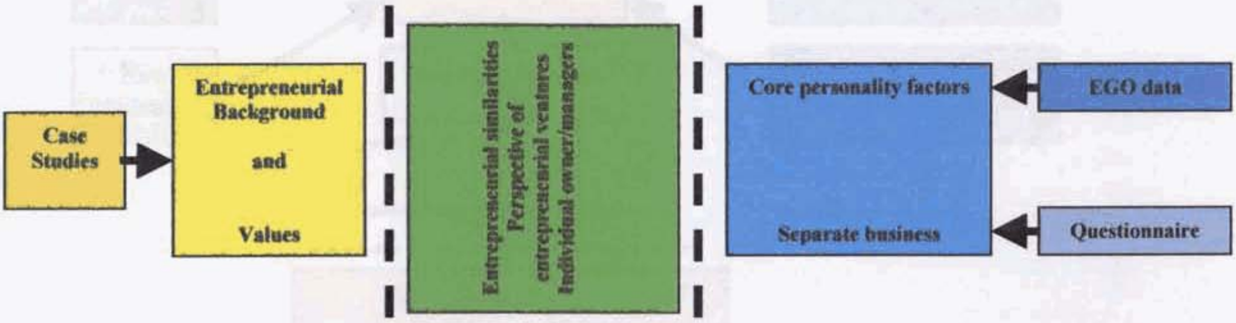
As a process towards this aim, a review of the wider body of existing literature was undertaken in order to assist in the development of a multi-dimensional entrepreneurial model, complete with as many of its core elements and interactions as could be satisfactorily proven and objectively observed. Upon completion, the findings would then be tested through the development of a methodology that would in turn lead to the identification of firstly the sample and then of the actual methodological process to be used and most importantly, the reasons why.

The research findings available on business entrepreneurship today are often overwhelmingly aimed at large corporations. This study aims at **qualifying** the unique scope of entrepreneurial background and values and a wide range of decision making processes within fast-growth new ventures. It is also purposely designed to examine entrepreneurial similarities across differing businesses from the distinct perspective of entrepreneurial ventures as well as from the viewpoint of the individuals who own and manage these firms.

However, the proposed framework deliberately avoids the conversion of values into some form of overly simplistic discrete formula. Instead, careful attention is paid to the range of empirical and qualitative activities displayed by successful individual entrepreneurs as their firms encounter specific policy junctures within the model. The model recognises that the entrepreneur's individual characteristics comprise the foundational component that supports five core personal factors of influence on the new venture:

a) the product or service concept idea(s),
b) the degree of risk tolerance,
c) the type of individual values system,
d) the support structure in place
e) the experiential business success/failure history

Figure 1



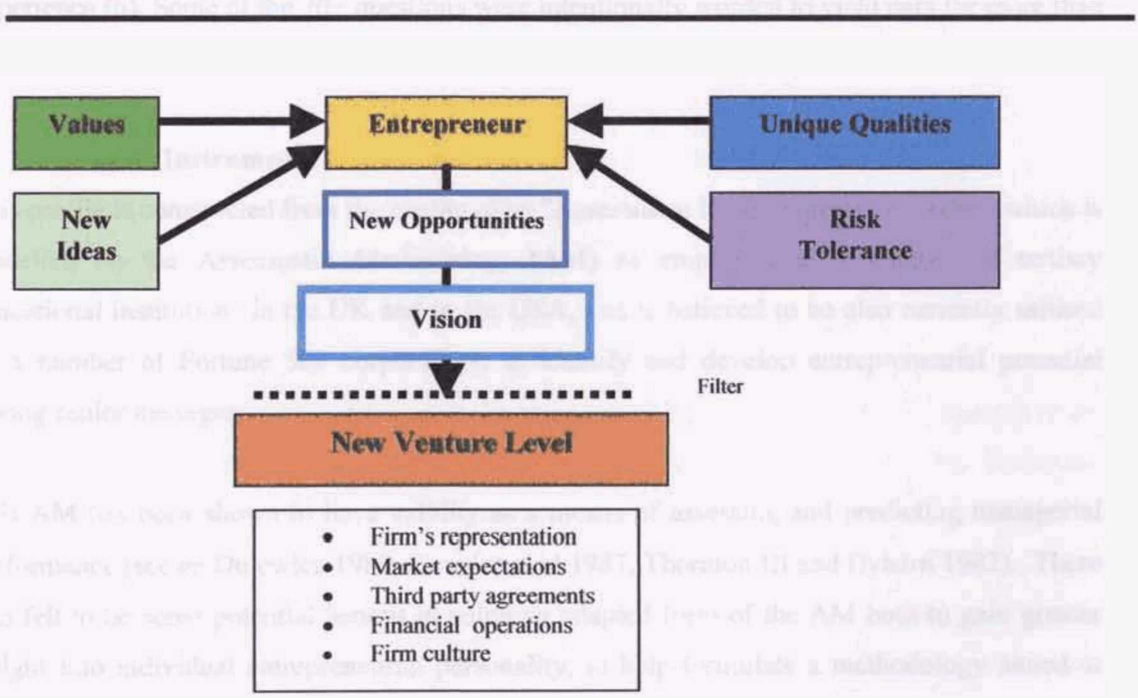
The above diagram in Figure one provides the basis for enunciating the empirical process to test the above concept.

It is proposed that, together, these define the vision for the venture's direction and future success/failure. Each particular configuration of the entrepreneur's five individual factors is likely to produce a vision that is unique to that enterprise, and establishes a venture-level vision that determines the performance base for five separate business capabilities of:

1) firm representation,
2) market expectations,
3) financial requirements,
4) third party agreements, and
5) firm culture

The entrepreneur's unique qualities contribute to the conception of new ideas, the display of certain individual values, and support for some optimum level of risk tolerance. The combined interaction of this personal dimension produces a vision for the enterprise. The individual entrepreneur's ideas, values, and risk tolerance are then transmitted, or filtered, through the vision to the venture dimension. It is then, at the venture level, that the firm's representation, market expectations, third party agreements, financial operating requirements, and firm culture are defined. The most foundational aspect of primary ethics research deals with the behaviours, attitudes, and policies (target goals) that contribute to firm success. Natural extensions of success include issues dealing with corporate culture, the strategic emphasis of ethics, management styles, ethical transfers, mission, and corporate vision.

Figure 2



A model for this hypothesis is illustrated in figure two. The methodology is designed to test the relationship and weighting of the elements of this hypothesis to arrive at the factors that drive an entrepreneur to a new venture.

The methodology will be based on three components:

a. a questionnaire to gain broad data input from the sample groups
b. the use of an entrepreneurial growth orientation (EGO) of a selected group of the overall sample
c. a series of case study interviews

Instrument Design

a Questionnaire

The survey questionnaire was specifically engineered to obtain responses for eight separate categories in the database.

Questions were strategically placed so as to produce an apparent random mix of inquiry. Many confirmatory items were structured to seek similar information from the respondents, but through apparently unrelated questions. Each group of responses targeted the five business capabilities plus three other areas with a number of questions about each topic, including: firm culture (11 questions), representation (9), partnering (9), market expectations (8), and financial operations (8), as well as issues regarding personal values (11), vision (5), and business experience (6). Some of the 70+ questions were intentionally worded to yield data for more than one of the eight prior categories.

b EGO Instrument

This profile is constructed from the results of an "Assessment for Enterprise" workshop which is modelled on the Assessment Methodology (AM) as employed in a number of tertiary educational institutions in the UK and in the USA, and is believed to be also currently utilised by a number of Fortune 500 corporations to identify and develop entrepreneurial potential among senior managers.

This AM has been shown to have validity as a means of assessing and predicting managerial performance (see eg Dulewicz 1989, Gaugler et al 1987, Thornton III and Byharn 1982). There was felt to be some potential benefit in using an adapted form of the AM both to gain greater insight into individual entrepreneurial personality, to help formulate a methodology aimed at helping develop the SME owner manager, and also to test the results identified in the earlier research study.

The AM workshop has been carried out within the confidential confines of an extended management development program for 12 entrepreneurial CEO's of both young and more established SME's (i.e. 2 years or more) each one within the same corporate turnover band as per the earlier larger sample group. In general the businesses are either in the early survival phase, embarking on growth or seeking revitalisation. Sometimes the growth involves building the management team and investing in people development.

The purpose of this overview is to present and test some initial findings from the earlier test group, showing how the personality dimensions which constitute the individual Entrepreneur's profile can be related to an independent measure of "Entrepreneurial Growth Orientation" EGO. This allows for differentiation of individual characteristics according to level (high, medium or low) of EGO.

The approach utilised here with regard to investigating personality attributes is explicitly multi-dimensional utilizing a wide-range of instruments to tap different aspects of motivation, cognition, ability etc. and relating these to the perceptions, plans, needs and goals of the individual owner-manager. The fact that the instruments may have been designed for general use is not a sufficiently robust argument for eschewing them (as eg Chell and Haworth 1992 have argued).

However, clinically-oriented instruments are probably best avoided (Carsrud et al 1989) since, apart from their possible lack of validity in relation to the SME population, the feedback from them is likely to be highly controversial and may indeed be destructive of relationships between researcher and owner-manager. However, instruments developed and validated on "normal" populations would be appropriate since entrepreneurs (in general) are part of the "normal" population.

Arguments for "domain specificity" (eg Robinson et al 1991) do not hold water unless there are valid and appropriate tools and measures for the domain and an agreed underlying theoretical model on which they are based. Neither palpably exist.

Tools that have been specifically constructed to measure eg "entrepreneurial personality" tend to be highly unreliable due to the transparent nature of the items and the possibility of socially desirable response bias (Caird 1993). There may be a considerable advantage in employing instruments which have been designed for a wide range of applications, are soundly-constructed, have been tested on a wide range of samples and embrace a model or concept which is of some relevance to the SME context. A similar approach has been employed within leadership development programs for some time (Campbell and Van Velsor 1985).

The selection of the principle instruments for AM was determined on the basis of factors such as previous experience of using the instruments with groups of owner-managers; likely relevance of the underlying model or concept to the owner-manager role; evidence of reliability and validity (n.b. including face validity or acceptability to the user); cost; availability; ease of completion, scoring and interpretation; and the need for a broad spread of tests to produce a reasonably comprehensive individual profile. A few other combinations were tested within the piloting process for AM and the ones which appeared to work well in terms of acceptability to the participants and in terms of producing worthwhile results, including discriminating in relevant and significant ways between participants, were retained.

The instrument includes a combination of:

- a general personality measure, namely the Myers-Briggs Type Indicator **(Briggs** Myers 1993) which is particularly suitable for a developmental setting

- a measure of managerial or leadership orientation (eg Leadership Opinion questionnaire- **Fleischman** 1989) which is particularly important if the participant is intending to grow the business and having to take on much more of a people management and team development role (Harrison and Leitch 1994)

- a measure of values such as Survey of Personal Values and Survey of Interpersonal Values (Gordon 1984, 1976) which could indicate what were the most important "drivers" of the individual's behaviour and were therefore likely to influence the shape and direction of the business; the SPV and SIV were felt to be particularly useful in this context since they include dimensions such as Achievement, Leadership, Independence and Decisiveness

The intention was not to attempt to test any specific trait or characteristic such as Need for Achievement, Locus of Control or Risk-Taking but to inductively examine a range of variables within the context of an attempt to profile the individual owner-manager. It might then be possible to see which factors were particularly important in an individual case and how these might impact on the development of the business. This was done through feedback and discussion of results with each participant following the one-day AM workshop.

Together with the information already known about each participant through their'involvement on the particular development program, this process helped to ensure that the profile constituted a valid picture of the individual and moreover enabled the individual to relate this picture to the business development process including decisions about personal development, key support mechanism sources, recruitment and deployment of staff, personal motivars, team-building, delegation, and overall scale and pace of growth (if applicable).

Analysis of the results was found to be a highly complex and time-consuming exercise usually requiring 2-3 hours work per participant. Feedback from participants during the follow-up discussion indicated the value of the profile in helping them to understand themselves better or at least validate their existing understanding. This is despite many of the participants initially being highly skeptical of the process although sufficiently curious to try it.

c Case studies

Each interview was based on a loosely structured conversational schedule, which asked the Managing Directors to talk about the process through which they and their organisations achieved differing measures of global presence, and to do so in an environment which assured them of both personal and corporate anonymity and confidentiality. In most cases, the Managing Directors talked at ease and at length about their experiences. Interviews lasted between 2-3 hours and were selectively transcribed. In allowing respondents to recall their experiences, the primary task of the interviewer was to: track and map the subject entrepreneur's international business activity from start to date; record the **discourse/language** used, note the values attributed and meanings assigned to internationalisation; understand the 'who and what[7] within the entrepreneurs view proved of most value on the road to achieving the measure of globalisation achieved to date; evaluate how (if) entrepreneurial **values/practices** are enacted at the international level; deduce where possible the key **motivars** and barriers behind the process and finally, investigate whether entrepreneurial **values/practices** are modified as a result of learning and experience in cross border exchanges.

These interviews were conducted in accordance with the principles enunciated by Yin 1998.

The Sample

a Questionnaire

A pool was compiled of nearly 400 entrepreneurs of Australian **SME's** with turnovers of between **A$5M** and **A$100M,** represented by those firms that were listed on the member's list of a leading Australian Entrepreneurial Business Association formed to hold regular meetings to help members foster their company's growth during 1996 and 1997. Approximately 140 individuals (approximately one in three) were randomly pre-approached via telephone or mail and asked to complete a confidential survey containing six general demographic items and over 50 situation questions.

About 65 (over 40% of those contacted) agreed to participate in the study. Completed surveys were received between September 2000 and December 2000. Forty four (44) usable surveys (over 30% of those initially contacted, and approx. 80% of those that agreed to participate) had been received and compiled into the final database.

b EGO test

After three pilots of AM, involving 12 owner-managers, chosen because of their connected experiential and entrepreneurial background and history. These 12 individuals formed a separate sample to the original questionnaire respondents.

c Case study

Four case studies were selected to give a range of entrepreneurial industry profiles. The companies are presented in terms of those with least experience and time involved in international activities building up to those with more experience.

Qualitative Data Validity

The 'intentions' of how individual questions are structured and interpreted by each respondent, and whether responses do in fact specifically address the targeted issue of each question, are always concerns in a quantitative primary survey. Entrepreneurial decision making behaviour and ethical implications can certainly be misinterpreted due to survey question comprehension error in the wording of the survey items. Pre-testing and great care were taken to ensure that questions would be direct and concise, and that responses would be orthogonal and clearly distinguishable from one another. A one-page "Pledge of Confidentiality" was provided to each respondent in an attempt to assure individual entrepreneurs that their particular survey would only be published as part of an aggregate study, and this would increase the likelihood that respondents would answer in a forthright manner, rather than answer based on how they would like to be perceived. The fifty survey items were intentionally structured as either dichotomous variables, or as three-point Likert scales (based on agreement, disagreement, or neutral responses). Many variables are complementary with respect to the core entrepreneurial capabilities.

CHAPTER 6

Results and Findings

(A) QUESTIONNAIRE DATA SET

Results

The sample database contains over 280 usable responses to questions. The database responses were divided into three levels of evaluation. The first level included basic demographic summary data for each respondent, including: the firm's industry, the entrepreneur's age and sex, the number of employees, the year the firm was started (also shown as number of years in business), and the entrepreneur's level of education. The second level included basic summary statistics and frequency distributions for the 50+ decision situations. The third level is comprised of descriptive and predictive functions based on various hypotheses, to provide inferences concerning entrepreneurial values, experiential realities and decision-making issues.

Entrepreneur Profiles

Just under ninety-four percent of the respondents were male and about six percent were female. Table 1.0 summarises the age of the entrepreneurs. They ranged **from** 30 years of age to 69 years of age, with a mean of 45.217 years (std. dev. = 8.709). Table 2.0 presents the level of education for each respondent. Slightly more than eighty percent of the entrepreneurs had at least a four-year college education with 7.48 percent having doctorate degrees, and 27.6 percent having earned a master's degree, more than half of which were **MBAs.**

Table 1 - Entrepreneur's Age (280 Respondents)

Age Range	Percentage
30 - 39	31.0%
40 - 49	41.0%
50 - 59	22.0%
60 - 69	6.0%

Table 2 - Entrepreneur's Education (280 respondents)

Education	Percentage
High School	20.0%
BA or BS	42.0%
MA or MS	13.0%
MBA	16.0%
Doctorate	8.0%

Firm Profiles – Data is presented for qualitative purposes and not quantitative

Table 3 summarises the breakdown of industries represented in the sample. Manufacturing is the largest single group **(20%)followed** by computer software 15%), financial **(7%),** and computer marketing (7%). The category "other" included medical and health care, environmental, and various types of service firms. Table 4.0 outlines firm employment figures and covers a widely diverse range of between 2 and 250 employees.

Table 3 - Firm Industries

Type	Percentage
Manufacturing	20%
Construction	5%
Engineering	5%
Financial	7%
Computer Hardware	4%
Computer Software	15%
Marketing	6%
Publishing	4%
Wholesale	6%
Retail	5%
Other	23%

Table 4 - Firm Employment

Employees	Percentage
Less than 10	40%
10 - 29	23.5%
30 - 74	28.5%
75 - 99	6%
More than 100	2%

Table 5 shows when the firms were founded and how long they have been in business. About 70 percent of the companies are 10 years old or younger. Less than five percent have been in business more than 15 years. The average age of the firms was 9.7 years (std. dev. = 2-99), the median 9 years.

Table 5 - Firm Operations

Year Started	Years in Business	Percentage
1975 - 1985	Over 15 years	4.8%
1986 - 1990	11 – 15 years	21.6%
1991 - 1995	6 – 10 years	61.5%
1996 - 2000	0 – 5 years	12%

Primary deciders for the Venture Creation

Tables 6 and 7 summarise the key underlying drivers for the venture creation and/or its development by the entrepreneur. It is also noteworthy that of the respondents, just over 75% created their venture from a Greenfield project, 18% inherited a company that then formed the basis for their entrepreneurial venture development, and just under 9% purchased an existing company as a vehicle for their subsequent entrepreneurial exploits.

Table 6 – Key perceived opportunity for venture creation

Competence	Percentage
Core knowledge of industry	68%
Advice/mentoring from others	8%
Supplier/client support	6%
Personal drive and ambition	14%
Perceived global opportunity	4%

Table 7 –Primary personal driver for venture creation

Driver	Percentage
Financial gain	58%
Family opportunity	16%
Fast track career path	8%
No viable alternative	18%

Prior ventures

Of significant relevance to the entrepreneurial path of experience gathering is whether the entrepreneur has embarked on previous ventures, together with their eventual result. Of the respondents, a notable 65% had indeed been involved in an earlier entrepreneurial **venture(s)** and table 8.0 highlights the fact that of those, approx. 59.0% ended in either partial (because the did not meet their goals and therefore liquidated the company) or complete failure. **A** significant incidence alone, and that is without further insight into how those that reported to have sold their shareholding for a profit (1 1.0%) actually calculated all cost factors attributable to the venture.

Table 8 – Nature of success or failure of prior venture

Outcome	Percentage
Company sold for profit	**30%**
Company liquidated (but did not fail)	**44%**
Company failed	**15%**
Personal shareholding sold for profit	**11%**

Entrepreneurial qualities

The respondents were asked to self-assess their personal strengths and weaknesses as they related to their ability to further their own and their company's success. This self-assessment was based on three periods in their company's evolution: start-up, semi-maturity and current. Table 9.0 assesses the empirically averaged results of the strengths across all three periods, with the percentage next to each **strength/weakness** response **signifying** what percentage of the total respondents (out of 100%) had selected it. No weighting of the periods was deemed necessary as the questionnaire purposely posed similar questions in a number of different formats and contexts throughout the study. The aim of this repetition was to solicit the greatest accuracy possible and more easily distil potentially contradictory responses.

Table 9 - Perceived Entrepreneurial Strengths/Weakness

Competence	Percentage
Clarity of **purpose/drive**	92%
Industry knowledge	76%
Key team selection	78%
Human relations	**64%**
Financial control	***56%***

Managementlorganisational	74%
Sales/marketing	82%
Export experience	34%
Technical	46%
New product/service development	68%

Support team

Who the entrepreneur chooses amongst his or her support group is often a determinant underlying basis for the venture's success or failure. By sheer definition the entrepreneur does not usually have the hierarchical management structure or the depth of support group mechanisms often available to an established large corporation. Hence the importance of who the entrepreneur surrounds **him/herself** with or chooses to have access to for specialist advice, support and even mentoring when required. The respondents almost unanimously selected their "life partner **and/or** family" as their main source of personal psychological support, but as regards professional support, table 10.0 highlights the categories proffered and their evaluation by the respondents in terms of their relevance, real or perceived contribution and therefore ultimate value to the success of their venture. The results highlighted below are those pertaining to where the respondent selected the category within the "High or Significant" bracket of choice. Of significance is the unanimous lack of inclusion of financial, capital or intellectual specialty providers as key valued contributors to the ventures success. An insightful omission in an area of both core competence and fiscal importance that would defacto seem to be a prerequisite for any entrepreneurial venture.

Table 10 - Key contributors to the venture's success

Category	Percentage
Accounting firm	76%
Financial institutions	46%
Key management	96%
Kay family members	42%
Domestic clients	82%
International clients	28%
Employees	62%
Domestic suppliers	74%
International suppliers	56%

Management consultants	18%
Board	26%
Trade/peer group association/s	42%
Lawyers	22%
Private investors	26%
Venture capitalists	0%
Export bodies	34%
Advertising agencies	26%

Key Value Indicators

To the question "What have been the most valuable tangible and intangible assets (in support of the attainment of your entrepreneurial goals)" the vast majority of respondents chose the following answers in order of frequency selection, from a total of 11 possible pre-determined responses:

1. Partner Support
2. Key Employees
3. Company's products
4. Clear Business Plan/Strategy
5. Access to capital
6. Key Domestic clients

Each of these primary choices indicates a propensity on the part of the entrepreneur towards both valuing and relying upon, elements which are closely linked to either the entrepreneur's core support circle, or that are somehow positively influenced by his/hers self-determination and/or professional ability. The underlying motivar seeming to point to the existence of a clear comfort zone on the part of the entrepreneur, in relying upon known factors and/or support mechanisms that are more easily determined by the individual's very interaction and core professional knowledge and judgement, rather than by external criteria over which he or she may have little or no control and influence.

The following were the balance of the five remaining options not selected among the top six, the exclusion of each clearly highlighting this inherent key value judgement on the part of the entrepreneur in the furtherance of his/her venture:

- Key Suppliers
- Key External Consultants
- Growth Industry
- Stable Economy
- Ready Access to Global Markets

(B) EGO OBSERVATIONS

From a practical point of view, the approach described can be recommended as a means of profiling the individual owner-manager within a management development process. It may have other applications where an in-depth understanding of the owner-manager is required eg for venture capital providers, investors, financial institutions and similar categories of fund providers.

As well as its practical utility, research insights will be explored drawing on the existing database of AM participants and relating their scores on the various measures to an appropriate criterion. In this case the criterion chosen was Entrepreneurial Growth Orientation (EGO). This was felt to be particularly relevant because participants were in general looking to develop their businesses in a particular direction and many were indeed explicitly seeking growth. It should be noted that EGO is primarily a measure of the individual rather than the business (although the one will inevitably impact on the other; see eg Miller 1983). The aim was to see whether there were any particular characteristics which differentiated those rated as "High EGO" from those with "Medium EGO" or "Low EGO".

The assignment of participants to the EGO categories was based on the following considerations:

a. how the business has developed to date

b. **intentions/plans** with respect to future development of the business

c. the nature of the market in which the business is operating (eg dynamic v static)

d. the position of the business within its market **(e.g.** niche player v "common or garden")

e. extent of innovation in the business (products, processes, market approaches, people development etc.) participant's power of decision-making within the business

To be categorised as High EGO the individual would need to exhibit **ALL** of the following:

a. a business which has been growing to date **AND**

b. future intentionslplans for growth AND

c. in a **dynamic/growth** market sector AND

d. holding an uniquelniche position in the market **AND**

e. with evidence of innovative capability and processes AND

f. the key decision-maker in the business AND

g. with high overall scores on GET or SEBS **(i.e.** "enterprisingtendency")

For Medium EGO, the individual would have at least some of the above; for Low EGO the individual might include **'f** and possibly one other but in the main would have none of the above. It will be noted that a number of the elements are interrelated such that having eg c, d and e, it is highly probable that the individual will also have **b.** Therefore, the EGO categorization was felt to be a reasonable way of differentiating between participants particularly because the knowledge of the individual required to make such an assessment could be gained both through their involvement to date in the particular development program and through the in-depth discussion following the AM. Such a categorization of the individual was important because some participants turned out not to be the main decision maker in the business (see f above), but were the "number 2" or **son/daughter** of the owner being groomed for succession. Even though the business may have been growing, it would be hard to make a case for these to be categorised as High EGO since they may have had little to do with the growth and general performance to date.

Therefore, the High EGO category was reserved for those who were the "prime mover" in the business and also fulfilled the other requirements of growth performance and intentions etc.

The sample of 12 on which the analysis is based were categorised as follows against the GO criterion:

- **High GO** 4
- Medium GO 5
- **Low GO** 3

It was not intended that the sample should be statistically representative, since by their very nature the groups were self-selecting, not only because they chose to enrol on a management development program but because they volunteered to take part in the AM exercise. This does limit the generalisation ability of the findings with regard to the SME population as a whole.

However, it could be that a sample such as this represents a sub-set of the population who are strongly oriented to their own development, are open to the external environment and may, in some cases at least, represent the successful businesses of the future (at least within their own regions).

The key positive indicators of the High EGO owner-manager appear to be:

- Activist and Pragmatist learning styles (i.e. learning by experience and application)

- A leadership orientation towards Structure (Consideration is also likely to be in evidence but this does not differentiate to such an extent in relation to Growth-Orientation)

- A Shaper team-role which tends to be strongly task-focused, action-oriented and competitive (may not be conducive to bringing the best out of others)

- Importance of Decisiveness as a personal value (ie rapid decision-making, having the strength of one's own convictions)

The key negative indicators appear to be:

- Less likelihood of playing team roles involving turning ideas and concepts into practical working procedures (Company Worker) and ensuring attention to detail and adherence to standards (Completer-Finisher)
- Less likelihood of valuing Orderliness (i.e. system, structure, order)

(C) CASE STUDIES

Case Study 1: Fresh/Processed Food Company

Company A was incorporated in 1988 by its current founder and Managing Director and has grown to a **$26m** turnover in 12 years with gross profit at 48%. This company became international about 7-8 years after start up. The mode of exporting was initially indirectly through orders received from big Domestic fresh food retailers through whom the company supplies and has a good relationship with within Australia. However, the company now also exports product directly from its factory by way of direct exporting. Key Markets are in SE Asia and the Pacific basin. They currently generate 12% of sales from export related activities but anticipate this to jump to **25%** by the year **2003.** They are also attempting to persuade one of their major SE Asian competitors to allow them to produce and supply on their behalf. If this succeeds it will significantly increase their export sales.

However, in the beginning the Managing Director was concerned to

> *".... make a product that was world standard and in so doing prevent imports just as **much** as develop exports........ we have now developed our views a little **further** than that and started to think how we could take the products to other markets and compete with our main local and International competitors on a better than even basis........our problem has been not only understanding the special needs of the targeted markets, but also finding the right trading partners within them ."*

> *" We also had to come to terms with our ingrained corporate philosophy that 'near enough in quality and delivery was good enough....that just didn't stack up when you are exporting, and I had to fight hard and long to get that point across and that endemic slackness cured."*

A number of features are distinctive of the company's globalisation process. Their key philosophy is to target a market where there is little competitive pressure rather than go in somewhere established and "fight an uphill battle from the start on both margins and **bottom-**line profit returns".

Secondly, because they were not known in the chosen **market(s)** they decided to enter **joint-**venture relationships with established local companies to build up good-will, reputation and credibility with their principal retail customers and in the market generally. Another key example and aspect of their entrepreneurial strategy being: 'taking every opportunity'.

For example, in Malaysia the company has a five-year business development plan which began with an invitation to visit Malaysia from a local competitor, and now Company A has actually set up a joint-venture business within Malaysia in conjunction with that prior competitor. At the moment they are merely 'selling' product rather than actually 'manufacturing and selling[7] to major Supermarkets within the market. However, the core purpose of this business is principally

to raise adequate funds to set up a JV to then establish a full processing plant in Malaysia, which in time could also service other countries within the region.

> *"It's **difficult** to **compete from** 10,000 kms away and stay abreast of changes in both demand and localpreferences. We really need to be there all the time with a local team that both understands and cares about what is happening and what needs to happen. I can decide broad strategy, but I can't be there to carry out day to day management duties...to do that and succeed I need the right people in the right slots".*

In response to the questions "what is the key to the export success for your company and what lessons have you so far learned in carrying out that process?", he replies:

> *" Having a clear strategy, focusing on what's important, jinding the right team and the right partners and then giving them the ability and support to carry the plan...there are many things...caring for what you do and instilling in all that work with you the same care...to go for quality and for reliability......and yes, to have an open mind to ways and means to better your competition...to think on your feet and not to rely on how other people have done this or that...to commit to a course of action but not to carry it out blindly...if something changes, well so must what you do."*

And to the question "who has helped you the least an/or most so far, in realising the success you have enjoyed to date?" he replies:

> *"Certainly not the Government or any of the Industry Associations...all they were interested in was telling me how hard it was and how much I would have to pay them to prove to me that it wouldn't work....I was not impressed, I **truly** thought that they would bend over backwards to **help** us penetrate these export markets...to bring real returns to the Company and the Country. But **all** they were really keen on was to get us to pay their consultants to do feasibility studies for us. If I'd taken that course, I'd still be reading them....I just had to cut to the chase, and get out there **myself,** talk to people **and find** out if there was indeed a way forward". "The people who were really great were my new partners in Malaysia...they welcomed us with open arms....and once they saw we were fair dinkum and in it for the **long** haul, they held nothing back...they were dejinitely on our team and we were on theirs".*

And what of the Financial Institutions and any additional funding that may have been required?

> *"You've got to be joking...they just told me I **was** rushing into something that I hadn't any clue about...where were the 500 pages of research and cash **flows** and expert statements...and that they would want to wait until I'd actually 'done it' before they would **offer** us additional finding...not a very **useful offer** would you agree?"*

In conclusion therefore, it is evident that the company is primarily concerned with developing parallel teams (at this stage to operate both domestically and within Malaysia) and a core corporate culture that will give them palpable leverage in their chosen international markets. In addition to creating the immediate trading success to provide the self-funding mechanism necessary to continue their mid term investments and progress - although undeniably it is still early days and there is obviously some way yet to go. Hence, the Managing Director's final comment :

> *"we'll have to wait and see **if we** can Keep up with our growth here and still grow so fast and so strongly overseas....but we're working hard just for that, so we'**ll** certainly give it our best shot and see how we go".*

Case Study 2: Personal Care Product Company

This company is a wholesale Sales and Marketing company of non- TGA (Therapeutic Goods Act) health and personal care products. Two partners began the company in 1995 and between them they have 30 years of experience working for large multinational companies. One possessing a sales and management background whilst the other a marketing and product development one. Between them they created and developed the company's foundation product range. In 1996 however, with the company turnover being merely **$0.5m,** one of the two founding partners bought the other one out in order to propel the company towards more of the direction he envisaged was the most likely to ensure it's ultimate success and growth that of developing export markets simultaneously with their domestic one. From experience and network contacts in Europe, the company negotiated an agreement in 1998 with a major European distributor to distribute its products, with a view to establishing it's own stable European **office** and sales support base that could in turn serve as a springboard to penetrate other markets within the greater region. However, things have really taken over off since then with a 1200% increase in sales (with exports accounting for over 45% of the company's entire sales for the year **2000),** high profit margins and positive working relationship with not only the European Distributor, but also one in SE Asia and another in North America. The Managing Director says:

> *"I always thought the company would develop a **significant** market overseas, but I did not expect that to be achieved for at least 4-5 years"*

What happened however was that in order to support the European distributors' sales efforts, the company began exhibiting its products from Australia at a major annual industry trade show. However, as the trade show is attended by both international retailers and distributors the company started to get additional distribution export enquiries from day one. Again the M.D. talks about the importance of **recognising** and seizing opportunities:

> *"We had to decide what we would do. Go **after** the markets that had shown such interest, or just pass them by until we would feel we had become ready with a more substantial organisation and developed **infrastructure**. I came to the conclusion that had we waited, the opportunities might have readily evaporated, through the potential distributors tying up with other manufacturers and taking on competing products. So I decided that with our very limited resources both financial and personnel wise **[just** the five people in the organisation at that time] we had to make a decision, we would either close a door on the export opportunities to concentrate on the domestic market or accept that there are only limited windows of opportunity. So I decided that, based on my past experience, gearing up for international distribution was not going to prove that **difficult** and that we would capitalise on the export interest straight away and that is what we did..."*

The company appointed a European Regional Manager to look after and support the principal existing European Distributor so that the Managing Director himself could focus on the development of other international markets. They appointed two additional export regional managers one very soon one after the other, each one to focus on developing a separate region, namely SE Asia and North America respectively. Next steps for this company are to continue with market spread but they are cautious whom they do business with and there are long negotiations and contractual agreements with their new customers to respect intellectual property, and maintain the core Brand building activities within each market in the Distributor's region.. Their experience with the European company has taught them this and certain key values are looked for now in seeking new distribution deals. They are looking to develop a joint

venture activity to be based in Switzerland but will not open directly owned and controlled subsidiaries abroad because *"**you** need a partner that knows his local markets intimately and can focus 100% of his time and **efforts** in developing them".*

In response to the questions "what is the key to the export success for your company and what lessons have you so far learned in carrying out that process?" he replies:

> *"The key to the company's success focuses on three principal things. The first being having someone in the organisation with the experience to actually know what to do when export opportunities arise. In this case the person was me because of my extensive experience working overseas for a major multinational. Secondly to have the vision and dedication of purpose in the development of your own Brands, and that translates to helping and guiding your managers and distributors* ***realise*** *and maintain that vision. And finally, gearing up your company's systems and* ***infrastructure*** *and product* ***supply*** *stream to be able to support your overseas development.* ***After*** *all, there is absolutely no point developing export markets* ***if you*** *then can't supply them".*

> *"...regarding what I've learned instead, patience is perhaps the biggest lesson. Having the patience to allow each market to evolve in maybe a* ***different*** *time* ***frame from*** *the one that you are used to when you are hands on in your own domestic market...also allowing other people to make the running, especially so when you are used to being the one that does this all the time...and listening, becoming aware of other cultures, point of views and maybe even criticism, especially when you know it to be constructive."*

And to the question "who has helped you the least and/or most so far, in realising the success you have enjoyed to date?" he replies:

> ***"The*** *most help has come* ***from*** *my team of people both within Head* ***Office*** *in Australia and in the field overseas. They have all embraced my vision and made it theirs...becoming even more passionate than me about achieving our goals and our expansion overseas. The least help...that's a tougher one...however, I'd definitely say suppliers and external consultants. The reason being that few of these really understood or perhaps wanted to understand the barriers we were facing and the hurdles we were needing to jump in order to compete and succeed in an International arena...they are so entrenched in what they do things and in*

the limited scope of carrying on the way they are used to...the battle with the suppliers, was getting them to produce faultless product... otherwise we'd get it all back...and to do so respecting o w pre-agreed time line."

*"...with the consultants...was **sifting** the wheat **from** the **chaff** just to begin with...understanding which ones, if any, could actually add value to our process... which ones where committed to at least the mid term goals rather than merely paying **lip** service to us and just going for the short term action and reward."*

And what of the Financial Institutions and any additional funding that may have been required?

*"The Banks...now that was a real journey. In our case we quickly found that the domestic focused trading banks, like the NAB, ANZ and Westpac were all thoroughly unprepared to deal with an emergent entrepreneurial company that was having export successes and needing specialist facilities. The business managers they employ, by and large have absolutely no training or grasp of **globalisation** requirements **and/or** realities...they are mostly young and totally domestic business focused Their regional HQ specialists instead are so specialised within each of their respective areas...**Forex,** trade documentation, electronic banking, etc...that they have Iittle or no grasp of the bigger picture...between the two parties therefore it was **often** the blind leading the myopic..."*

*"...we instead found that some of the larger International merchant banks were a totally dzflerent kettle **of fish**...not only did they understand what we were setting up... they were willing to look at a longer term view with us... even going to the lengths of recommending putting facilities in place that would make it easier for us to achieve our goals more quickly, or just more **efficiently**...they also had people on board that actually knew what they were talking about as regards export generated requirements...and could then actually follow them trough Internationally via their global networks of branches and **affiliates**".*

*"...another excellent discovery was the Government Export trade **insurance** body 'EFIC' (Export Finance **Insurance** Credit)...totally **different from** their cousins Austrade who proved of Iittle use for us.... EFIC was both informed and proactive in **offering** us the product and facilities to insure our overseas trade...*

which in turn allowed the Merchant Banks to really feel comfortable in working with us to help ***fund*** *it...they were also willing to break* ***away from*** *the typical* ***Austrade pattern*** *of showing preference towards either large or primary industry type exporters."*

The Company is obviously very much focused on it's International expansion and is continuing to invest heavily in the development of both it's existing as well as it's new export markets. This fact is anchored in a company-wide corporate philosophy which even sees all of it's key products manufactured with descriptions and instructions in two or more languages and all complying to global International labeling and certification standards rather than merely local ones.

The Managing Director was asked as to how he saw his current focus developing in the future. He responded:

"within our company there is no such thing as the 'export department' any more. It is all one follow-through in both activity and process and furthermore, all of my team know that the company's success and their personal one is going to be directly proportional to our success on the Global market... ***difficult*** *message to get through* ***at first,*** *but now it's second nature for any of our people to deal with say our distributor in Taiwan one minute, the order department of our US distributors the next and a pharmacy in Wangaratta* ***after*** *that...I am working on the premise that my domestic market is important, but it is* ***after*** *all just a* ***significant*** *portion of my global one"*

Case Study 3: Home-ware and Hardware Company

This company was originally started in 1965 and has been re-structured and 'split-off between different members of the immediate family of the original founder and then finally re-acquired in 1986 by its eldest son and the now current Managing Director. The **company designs** and manufactures a range of innovative products for use both within the home as well as in light industrial applications. The company has a recognised Australian and SE Asian Regional brand and is now one of the top ten companies in the world for this product category. Since 1986 their turnover has increased from **AUD$11,000,000** to a peak of **$36Million** in 1999. In terms of early globalisation the Managing Director recalls how this was an unplanned process:

*"**All** of a sudden we started getting serious enquiries from major regional supermarket chains as well as established distributors overseas who were **already** selling our type ofproducts. I guess it was all the Senior Category Heads of those companies holidaying in Australia, and doing a few store checks whilst they were here...we're very prominent within our category here in Australia so they **couldn't** have missed us".*

However, because their principal market is especially prone to competition from low cost of production countries such as China, Thailand and Vietnam, the Company decided to commence investing heavily in two areas: automation and product differentiation/development. In order however to make these two fields of activity truly viable and productive, it was decided that it needed to create substantial additional market demand, and that this would in turn require to be principally generated from sales success achieved by new export markets.

The company currently generates over 65% of its revenue from overseas sales and operates in 7 currencies. Furthermore, their corporate web-site is a leading edge sales and promotional tool and cited as very powerful marketing contributor (boasting over 400 visits per day to their web-site). The company also currently undertakes sub-contract manufacturing and assembly of components to their specification, in both China and Malaysia, because of the very low unit production costs within those countries. It now has a wide and very organised sales and distribution network in all major SE Asian markets and is just commencing to look to Europe and the USA for new joint venture partners and/or distribution opportunities.

In the past their main mode of market entry was to establish distribution agreements with partners who would be chosen primarily for their pre-existing knowledge of specific channel requirements. The Managing Director has since personally visited every distributor the company has in the world and comments that:

*"Whilst before, if someone contacted us for a possible International distribution option for a particular market, so **long** as they demonstrated an understanding of our **specific** industry and could pay for the products that they wanted to **buy from** us, we'd give them a go. We **really** saw this kind of business as 'opportunity sales' rather than 'long-term core'. All this has now changed... the basics all have to be there from the start: demonstrable distributor penetration in our **specific** market sectors, technical capability, quality sales teams, corporate financial strength to ensure a mid to long-term business plan enactment...as well as to clear agreement as to our Brands' strategic*

positioning within their particular market. This is becoming more and more important to us, as we are now ***fully*** *aware of what it takes to develop a truly International Brand rather than just a domestic one, with a few opportunistic overseas export markets thrown in for good measure"*

In addition, by analysing the rate of growth of their different export market, a few years ago the company identified Japan as one of their prime future markets. They have now set up a sales and marketing **office** there to assist their multiple distributors not only to promote the brand, but also to help follow through sales enquiries, give technical support to retail customers, as well as show their principal Japanese retailers a strong Head **Office** commitment to the future growth of the Brand within the market. They chose this mode of operation:

"because *we think our market focus, sales methodology and corporate culture is quite unique, so the best way to achieve that level of consistency required was to marry our distributor's local knowledge, with that of our own team of directly employed key people, all of whom had been trained by us and ultimately answered only to us. We also felt that if we were going to really penetrate what is ostensibly one of the most* ***difficult*** *markets in the world, we would have to really commit to carrying out a long-term plan. But to do that, we wanted to ensure that we would be protected for the long-term also, and that was achievable to our mind by the local presence of our own team of people, rather than just entrusting everything to a third party who might* ***after*** *all change* ***business/product*** *focus or even be bought-out or fold at some point in the* ***future...****this is now the model for any new* ***significant*** *overseas market penetration we will embark* ***upon"****.*

And to the question "who has helped you the least **and/or** most so far, in realising the success you have enjoyed to date?" he replies:

"believe it or not my wife as well as a group of external business peers ***that*** *I share ideas with at regular monthly meetings, has been the most instrumental in helping me focus on the priorities and opportunities that in turn have translated to the growth we have enjoyed...they made me stop and think rather than just react...I think at times they actually drilled some sense into me...especially so as I tend to be very conservative at times and not prone to any activity that may be anything short of a 'sure thing' result. Without that dispassionate and external influence, I truly believe we would still not be doing anything other than merely*

exporting here and there as opportunity permitted rather than were we are today as regards our presence in a number of key export markets".

"The least, that's a tougher one...I suppose that would probably be professional consultants such as my accountants and lawyers...they seemed to always put forward the view that any concerted move in either developing our own offshore activities or placing any substantial time and capital resources towards developing export markets was both ill founded and hasty....don't misunderstand me I know they were being safe for the Company, but had I listened to them entirely, we would not have progressed at all...as it was, I truly think that we were several years slower in this process that we could or should have been".

And what of the Financial Institutions and any additional funding that may have been required?

"we found both Austrade as well as o w major Bank were most helpful in helping us institute our globalisation plans. Don't get me wrong, they really weren't taking any risks or contributing much by way of worthwhile strategic input, but after all, what we really needed at the time was growth finance and they were able to provide elements of that without a lot of fuss, so I was happy. Where I still have a bad memory however, regards a conversation with the head of a State development body which will remain nameless...that said to me that they 'really didn't care to support a company that just made good profits or brought in foreign exchange... they were just interested in whether it created a good number of jobs in the State...that's what makes the news and that's what gets us voter support'...this wasn't our case, so needless to say we didn't get their support."

Case Study 4: Wine Producer and Marketer

Company D was founded in the early 1970's by the father of the current Managing Director and has grown from humble beginnings to be a mid-sized and highly respected regional player within the dynamic Australian wine industry.

"my father was really a farmer turned viticulturist, so his priorities were always regarding how well you could grow the fruit and how much you were eventually paid for it. It took a Iong time for him to trust us to not so much focus on the fruit but rather on the finished product, namely the wine...from there on the battle was half won, for gradually he came to understand that so Iong as we

*could sell the wine, he could plant **more fruit**, and that was something he could live with. He really didn't even raise an eyebrow when he as Chairman was asked to approve a capital expenditwe of over $4 Million in order to build a state of the art winery. By that stage he had come round to the fact that automation and economies of scale were at the root of our growth **and future** success."*

In terms of globalisation, the Managing Director recalls that:

*"**In** about 1993 we acquired a large tract of land in o w region with the aim to grow a couple of varieties **specifically** for the US market, and to do so in partnership with a major US distribution company that would in turn ensure that the resultant wine was ultimately sold through. That was a large call from our part, but we felt there was an opportunity to specialise in an important market where Australian wine is in it's infancy, and in order to be **successful** we wanted to **ensure** that we had the backing of an experienced distribution partner already active within that market."*

In 1999 the company also committed to it's own sales and marketing staff within each of the major states in Australia as well as in the USA, but did so as an adjunct to it's national and regional distributor's sales forces, rather than in isolation of them. By that stage overseas sales accounted for about 62% of turnover with about 50% of this being in the United States.

*" We felt that it was important for us to be at least in partial control of our own sales destiny in so far as market continuance and presence went...whilst we were happy to subjugate much of our activity to the **efforts** and expertise of our specialist distributors, we still wanted to feel the pulse of the market directly, and to do so we needed to have o w own people... also in this business, **half** the battle is getting all the various people in the chain to concentrate and give preference to your product over that of somebody else's...**we** were all decided that we 'd do whatever it took to help that process along".*

And to the question "who has helped you the least and/or most so far, in realising the success you have enjoyed to date?" he replies:

"Because we're ultimately still a family business we tend to rely on each other for both moral support and business guidance. Having said that had it not been

for the good example and lessons ***learnt from*** *having worked for several years at one of the major wine companies in our industry, I doubt whether we would have had the technical and commercial expertise to even think of embarking on the expansion course that we ultimately chose. Consultants and advisors are* ***very*** *good at solving particular problems or issues, but it really takes someone with an overall vision and wide view experience, to then put all the pieces of the puzzle together and get them all to function in synchronicity with each other...that's really what I brought to the table, and so far it seems to be working".*

And what of the Financial Institutions and any additional funding that may have been required?

"As it turned out we really didn't need much external ***funding*** *as we achieved much of our* ***financial*** *requirements through existing capital reserves, current lines of bank credit as well as through the investment that the American partner contributed as part of* ***his financial shareholding*** *quota.* ***What*** *was excellent in our case was the Federal and State government assistance that we could secwe because our Industry has a good track record of overseas export success...this assistance came in many ways* ***including financial****, marketing and door opening activities, all of which helped us considerably in facilitating the smooth development of our project".*

The Managing Director was asked as to how he saw his current focus developing in the future. He responded:

"We've ***really*** *made a course for the next Jive to ten years with the things that we've now done in both Australia and the US...we're really going to consolidate these markets and our presence on them before we even think about any* ***further*** *expansion...we know that times ahead will possibly be tougher for our industry as so much more product is constantly coming onto the market and competition* ***from*** *major International conglomerates is definitely hotting up. We're sure however that if we keep our business focus and pay attention to developing o w* ***specific*** *quality niche market, o w future will ultimately be far more secwe and our growth more predictable and manageable".*

CHAPTER 7

Discussion – Theory to Practice

A journey from analytical to interpretative observation

Integrating questionnaire responses

The question has long been asked: Regarding qualitative characteristics, are not the entrepreneur and the new venture one and the same. It would be very helpful to understand whether or not there exists any distinction between the individual entrepreneur and the entrepreneurial new venture, with respect to the success or failure of the firm. Based on this study, it appears that entrepreneurs believe that the ultimate success of their ventures is very closely attributed to their own personal experiential and value system.

And this success appears to be explained by the firm's goals and objectives being directly associated with the entrepreneur's own personal values system, as well as a management style that exhibits a consistent style in both public and private settings.

The way in which the entrepreneur's goals and objectives contribute to the venture's success appears to be formulated through a unified corporate culture that deliberately reflects the entrepreneur's personality, expectations, and values. A complementary management and team with common values and ethical characteristics, and a company-wide manner for conducting business also help to explain the venture's goals and objectives for success. Finally, the belief that it is important to enter into partnerships (both as third party supplier and clients) with firms that share the entrepreneur's personal values and sense of business ethics also contributes positively to the goals and objectives for success. This would seem to both explain and perhaps support the conclusions drawn from the research, which place financial and intellectual specialty providers rather low in the entrepreneur's value equation. For often this class of provider is deemed to be both short-term focused and somewhat ambivalent in goal and motivation. Factors that do not endear themselves to an entrepreneurial venture seeking anchors, well-intentioned judgements and team purpose.

There have been countless attempts to specify empirically those characteristics that define risky, entrepreneurial new ventures as inherently successful. Similar studies have tried to define the entrepreneur (the driver of the risky new venture) with specific personal attributes that are generally conducive to risky endeavours. The premise of this thesis and derived model is that the risk tolerant entrepreneur brings to the enterprise a distinct set of personal values, experiential background, beliefs, and ethical positions that will ultimately manifest themselves as venture characteristics. These decision making value parameters are intricately associated with the entrepreneur's business idea, namely, the product or service concept to which the opportunity is inherently linked.

But an idea alone is not sufficient to mold and shape the entrepreneur's values. It is proposed that the real bonding of the individual entrepreneur, the **idea/concept**, decision values, and the **recognised** opportunity for success is uniquely expressed in the entrepreneur's goals and objectives, as well as his or her management style. The core inquiry is focused on whether the personal values of the risk tolerant entrepreneur are indistinguishable from the venture's risky activities to bring together an idea and an opportunity. This perceived melding of the individual entrepreneur with the newly launched enterprise may present the notion that the personal values and ethical considerations of the individual become one and the same with the firm's corporate perspective.

This phenomenon may then contribute to how the entrepreneur and the venture deal with decision-making, values, beliefs, and ethics across the five core capabilities listed below. The entrepreneur's value system appears to permeate the corporate culture, the management team, the key solution providers, the firm's business conduct, and even value judgements by the entrepreneur as to primary goal motivation of those he or she comes in contact with, stand as a prerequisite to those partners planning a joint venture with the entrepreneurial venture.

First, the melding of the entrepreneur's values and the firm's perspective might have a direct impact on all aspects of how the content and process of the new business is represented externally in the competitive market. Second, it may have a direct influence on the degree of future expectations for firm performance. Third, it might direct the relative utilisation of various methods for financing the new venture. Fourth, it could establish the structure and frequency of a wide range of external business partnerships. And finally, it may determine the 'nature and effectiveness of the firm's internal corporate culture. The relative extent of these five effects will play a significant role in how the venture is strategically positioned, and ready to deal with external change in the market.

Ultimately, the extent of the firm's competence, with regard to accommodating change **and/or** securing the required degree of financial and professional backing, will directly impact the long-term viability of the venture and its ability to build and maintain momentum in a competitive environment. Entrepreneurial values and the five capabilities are brought together within the context of a wide range of perpetual change and the impact that the resultant decision making process can have on the firm's competitive momentum.

The various configurations of ideas, values, and risk exhibited in entrepreneurial experience and decision making present a formidable obstacle to developing a universal and objective set of guidelines for predicting the success or failure of entrepreneurial decision policies.

The one thing that is evident from this study however, is that in order to better foster and promote entrepreneurial ventures and success, there needs to be far better cooperation and understanding on the part of governments, financial institutions, venture capitalists, and external professional advisors, as to the core motivars of entrepreneurial activity. Principally, that the typical entrepreneur's belief and value system is inherently conservative in nature, with 'risk' being but a necessary element towards the path of self determination and not a pre-condition of choice.

Should the same question be asked of senior management decision making in large public corporations, where often change and risk taking may be a somewhat more facile option in an environment driven by ever increasing requirements for shareholder returns through the escalation of corporate profits – a quite different conclusion may well be derived.

EGO discussion

The picture that emerges of the high E W entrepreneur is of an individual who feels it is important to be the leader and decision-maker, who puts a lot of energy and drive into this, and who learns almost solely by doing. This person does not however tend to operate as a conventional manager and would prefer not to be too wrapped up with the more organisational and administrative tasks.

This suggests that the High EGO entrepreneur may equate to the "entrepreneurial leader" although it is interesting to note that attributes such as Achievement, Goal-Orientation and Practical-Mindedness (materialism/instrumentality) which are often associated with **successful** business owners turned out to be relatively unimportant for the High EGO owner-managers (and, in the case of Achievement, for all three groups).

Independence was found to be an important attribute for all the sample (and particularly for High and Medium EGO **groups)but** did not differentiate significantly between High, Medium and Low EGO. It is probable that Independence is an important value for performing the owner-manager role but does not necessarily differentiate the more from the less entrepreneurial.

Finally, variety was found to be the highest personal value for High **EGo** group indicating the importance of openness to change for these owner-managers. However, this did not significantly differentiate between the three groups, largely because it was also important to the Low EGO group. The Medium EGO group, on the other hand, gave priority to **Practical-** Mindedness and therefore may view obtaining a **"payoff'** for their efforts **as** being more important than other factors.

Indeed, the Medium EGO owner-manager may be said to be less change-oriented and more concerned with stability, conformity and Organisation. This group may be thought of as "incrementalists" in relation to growth, and would not be expected to take too many risks or introduce major changes. This is reinforced by the Myers-Briggs profile for this group of ESTJ ("pragmatic administrator") in contrast to the ENTP profile ('enthusiastic innovator") for the High EGO group. The Learning Styles for both High and Medium EGO groups also exhibit contrasts - the former **as** noted above emphasising the **Activist/Pragmatist** combination ("Executor"); while the latter emphasises the **Theorist/Pragmatist** combination ("Converger").

The Low EGO group, by way of further contrast, has a **Reflector/Theorist** Learning Style ("Assimilator") and, although having a similar Myers-Briggs profile to the Medium EGO group, tends to have less of an "executive" orientation and more concern with orderliness and system and more dependence on others. The Low EGO owner-manager may therefore have **inbuilt** constraints on growth deriving from their personality and values but may, nevertheless, be effective, within an environment where there is co-operation and mutual support and relatively little requirement for executive decision-making and leadership.

In summary, the process used in this study to derive a personal profile of the entrepreneurial manager can also reveal differences between entrepreneurs on particular personality dimensions dependent on their assessed level of Entrepreneurial Growth-Orientation. The resulting "clusters" indicate that a particular combination of personality attributes is appropriate for different levels of Growth-Orientation. This may suggest that the High EGO owner-manager can to some degree be identified "in advance" and appropriate interventions provided to enable **him/her** to maximize growth opportunities, within a business setting. However, it is not known whether and to what extent personality may be modified by experience of being in the **owner-** manager role. In other words, which way does causality operate? This can only be assessed by tracking owner-managers from pre-start to ongoing business utilising an appropriate combination of measures at the outset and repeating them at appropriate intervals.

Two other points need to be made. Firstly, the assessment of EGO is dependent to a large extent on prior knowledge of the owner-managers such as to be able to score them against the set-down criteria. This in-depth knowledge may however affect objectivity, and therefore the process of assigning owner-managers to EGO category may need to be done by panel rather than one assessor. Whichever method is used, the categorizations will inevitably be less than ideal and, in any case, may over time be subject to revision (eg as the business grows and/or the owner-manager develops).

Secondly, the profiles derived from this type of research need to be checked against actual behaviour and performance of the subject entrepreneurs in order to ensure that they are actually valid "measures."

With these provisos in mind, the approach described can enrich our understanding of SME entrepreneurs and moreover help them to understand themselves better. The practical consequences of this include:

1. The entrepreneur is able to see more clearly how "the way they are" shapes the way he business is run and influences its strategic development. Thus decisions can be made about future business direction, team-building, personal development, employee development, human resource management practice, etc. **from** a position of greater self-awareness and self-knowledge.

2. Those involved in training and developing owner-managers are able to use the results of AM as a means of gaining greater insight into their clients' characteristics and needs and hence design programs which are better oriented to successful personal and business development.

3. For the small business support network generally, there arises the possibility of SEGMENTING provision more appropriately in accordance with EGO or similar. For example, the professional, middle-management background of many of those in the small business support network may predispose them to deal with the Medium EGO owner-manager, who is likely to be of a more stable, conventional, predictable disposition as compared with the High EGO client. Equally those from a community

development or micro-business background may be more comfortable dealing with the Low GO client.

4. Those involved in shaping policy for the small business sector can do so on the basis of a better understanding of the people who are the main recipients or targets for the policy. This may lead to more focused policy interventions with more likelihood that they will achieve their objectives.

5. Finally, those involved in funding small business, particularly from a risk capital perspective may be able to make better decisions on the basis of a more in-depth understanding of the person.

From a research perspective, the findings highlight the deficiencies in existing models of the owner-managerlentrepreneur, which tend to be overly simplistic and one-dimensional.

Employing a multi-dimensional approach such as the one outlined her above can begin to provide greater insight into the depth and complexity of the subject and may over time contribute to the building of theoretical models of greater sophistication and practical application.

To compare these results with the Myers Briggs indicator refer to Appendix 2.

Case discussion

The four case studies have been broadly re-presented in order of the individual company's level of international success as a part of their total business. However, certain key features are clearly common to all the organisations. Indeed in each of the four cases, none of the companies featured had anticipated going global as quickly as ultimately happened in practice. However, in all cases the globalisation process commenced with a series of opportunities presenting themselves and the lead entrepreneur's not only grasping them, but then developing them further. It can also be argued then that the internationalisation process was initially both emergent and incremental. Having said that each of the companies represented used the experience and knowledge gained to build up their global activities in different ways: some by developing global distributor networks and some by developing direct investment in key markets (in terms of sales and marketing, or subcontract manufacture). In all cases these SME's were quick to learn about other cultures and change their working practices as a result. For those involved in close relationships with American and SE Asian firms, this necessitated taking on board and nurturing their partner's core **values/working** practices within their own. In all cases however cultural aspects played an important part of doing business, as so too their willingness to alter time proven methods and practices of their corporations in order to ultimately attain the resultant higher levels of performance **an/or** international competitiveness that they both sought and perhaps needed.

These case studies also help highlight that the process of 'globalising[7] a company or business is ultimately an experience of learning (both single and double loop) about conversions and exchanges in different socio-economic-cultural contexts. Single loop learning refers to the intuitive response to either emergent and/or unexpected opportunities, the ability to handle cultural diversity, the willingness to build and maintain relationships in a cross-border context and gaining access to market information and exposure. Double loop learning refers to an international learning process wherein existing theories as to international (global) views of the world, entrepreneurial values and belief **systems/patterns** of action in international markets are continually being modified as a result of experience gained (Pettigrew et al., 1991).

In conclusion, it is clear that whilst entrepreneurial activities, practices and values are constantly being enacted and reconstituted through exchanges and interactions, globalisation merely provides another context within which conversions of exchange, interaction and learning occur. Thus, there is clearly a close relationship between globalisation strategies and entrepreneurship, in that they are mutually constitutive each of the other and in today's more competitive and borderless markets, each clearly plays a vital role within the profitable development of an **entrepreneurally** run SME.

It is traditionally presumed and even accepted, that large corporations are far more likely than **SME's** to successfully globalize and engage in significant exporting due principally to the existence of both inherent corporate, structural, as well as physical market barriers. These include: perceived lack of demand from abroad, **market/product** regulations, red tape, trade impediments, cultural differences, language barriers, lack of management expertise, lack of resources – financial or manpower, lack of marketing information, cost of market entry and so on.

Indeed, whatever interpretation is given to the term 'globalisation' all companies regardless of size, face increasing complexity as those globalisation forces become not only more intensified but also far more necessary. This in order to attain the required economies of scale and corporate growth to keep a business viable and proactive in an ever increasing competitive milieu. This scenario exists perhaps no-where more so than in Australia. An island continent of barely 20 million people, far from even its nearest of export markets, too small by way of population base to create a domestic market demand infrastructure which realistically allows volume economies of scale to develop in isolation, and yet with the physical, educational and technological ability of it's people to both innovate and compete globally as a true first world economy.

It is the intention of this chapter to bring together perspectives of globalisation and entrepreneurship in order to examine how specific Australian entrepreneurs of **SME's** engage with prospects of globalisation, enact entrepreneurial values to achieve successful global strategies and what key barriers (be they personal or structural) they overcome to so do. For whilst the triggers and driving forces for **identifying** international entrepreneurial opportunities are wide ranging, central to this process is the enactment of core entrepreneurial values and practices. Indeed entrepreneurship is about the very ability **"to** bridge and create conversions between [cross border] spheres of exchange" (Stewart, 1989, p. 145). Success in achieving these bridging functions, getting access to global market information, having a global vision and building up international networks of contacts is therefore, a truly fundamental and pivotal part for the success of the entrepreneurial process.

Equally, it is my contention that to view the two perspectives of global market strategy (standardisation v differentiated) as mutually exclusive would be misleading. It could be argued that, in fact, both these perspectives (rather than being contradictory) actually flow from the same historical process (Cova and Haliburton, 1991) evolving towards something called a 'global culture'. This means that the phenomena and process of globalisation encourages the view that the world is becoming a single place or market. However, this does not infer homogeneity of markets, or a common culture, but instead highlights the need to recognise unity (of markets, customers) through their very diversity. From this perspective therefore, globalisation is about creating various images of the international business world and is about being able to think of them as one –globally; of being internationally recognised and yet being locally responsive in a variety of social, cultural and political contexts. This is a far more linear process than could be undertaken and one that does not necessarily occur in sequential stages. A process furthermore that places the Entrepreneur at the apex of a pyramid of activity, one that ultimately however requires a knowledgeable and experienced team to actually deliver.

Globalisation - the culture of Entrepreneurship

Traditionally, entrepreneurship has been seen primarily from the point of view of the person doing the 'entrepreneuring'. Where that is, entrepreneurs are seen as uniquely special individuals with innovative skills who go out into the (global) market negotiating competitive opportunities and bringing about economic change and development through the combination of new technologies, practices and ways of thinking (Cantillon, 1931; Schumpeter, 1934; Knight, 1921; **Kirzner,** 1973; **McClelland,** 1987). However, more recent studies emphasise entrepreneurship as a 'process' that may perhaps be led by an individual, but is ultimately enacted within teams or groups of individuals (Kamm et **al.** 1990; Timmons, 1979). This is articulated by **Gartner** et al. (1994) who identified that the "locus of entrepreneurial activity often resides, not in one person, but in many" **(p.6).**

In this way entrepreneurship is not necessarily seen as an individual activity undertaken by one key creative person, it is instead ultimately a collective and team activity, whereby the sum of all the individual efforts is greater than the whole (Stewart, 1989). Whilst certain activities are not seen individually as entrepreneurial, when analysed collectively, they have the potential to become so. This perspective recognises the "ambiguous, paradoxical and contradictory nature of the entrepreneurial process" (Johannisson, 1990: 4). The importance of this within the context of this research, is the role that 'other' people or entities involved with the globalisation process might play or perform in providing the basis for the on-going success of the venture and thereby its entrepreneur, in its efforts to create a global market for its products or services.

Presenting Entrepreneurial Globalisation Strategies through Interpretive Enquiry

The fieldwork material presented in Chapter 6 is in the form of mini-case studies based on an interpretive methodology. In studies of entrepreneurship and **SME's,** qualitative case study and interpretive methods are increasingly gaining credibility (Steyeart and Bouwen, 1992; Bouchiki, 1993; Ram, 1994; Stockport and Kadadbase; Holliday, 1995). As these authors state, case study inquiry has the potential to yield in-depth insights and rich description of organising practices within the smaller organisation. Face to face interviews have been carried out with the Managing Directors of six SME's in a variety of sectors within Australia of which four companies are presented within this paper. The companies were not necessarily selected for their ability to be representative of their industry sector, but rather for the extensiveness of their international activities and the willingness of their managing Directors to be part of an in-depth study. This approach is justified in that the research is primarily concerned with identifying key themes, discourses and emergent issues relating to internationalisation and entrepreneurship as well as testing some of the core outcomes of earlier findings.

It is not however the aim of the research to superimpose a theoretical framework with well-formulated hypotheses, to subsequently empirically 'test'. The intention instead, is to explore the process and means by which global development is both achieved and spoken of through in-depth interviewing. Bryman (1988)'s suggestion for treating theoretical categories as 'sensitising' concepts which provide a general frame of reference in approaching empirical instances, is followed. The task, then, is not to seek for 'one truth' or a 'complete theory' to interpret the process of 'going global.' Instead, the task is to recount the multiple realities, insights and experiences of international entrepreneurship as reported by those actually engaged in exercising the process. Selected narrative is presented to the reader in italics to facilitate the creation of new insights and also to help strike a balance in reporting specific personal views in relation to core ancillary and overlapping topics.

As research on entrepreneurship has increased considerably during the past few years, the field of knowledge and analysis should by all accounts be progressing towards a potential framework of predictable conclusion. Yet however, to this day the research field seems not to be able to agree whether we actually have solid theories to be tested (Low, **MacMillan**, 1988) or not (Bygrave, 1989; **MacMillan,** Katz, 1992). Much of the existing studies seem to be focused on empirical studies with a rather low level of abstraction (Landstom, 1998). Furthermore, even contemporary research into entrepreneurship appears to be carried out mostly in accordance with positivistic ideologies. That is to say, one where the researcher tries to find 'average' entrepreneurs and 'typical' venture processes, based on the general premise that entrepreneurship is usually considered to be an 'atypical' phenomenon, a departure from the norms of average behaviour (Stevenson, **Jarillo,** 1990) following a discontinuous, non-linear, and usually singular process (Bygrave, 1989). Entrepreneurship research can in the literature, also be biased towards the analysis of successful individuals (Bouchikhi 1993); where the success of the entrepreneurship process is attributed to an individual, one in which the context has minimal or no effects on the outcome.

In the field of entrepreneurship research, field researchers often adopt theories and instruments from other arenas, in order to discover an individual's underlying (psychological or cognitive) mechanism. Sophisticated measurements are often made in order to discover the effects of combinations of different personal variables. These measurements are made with a belief that unique and stable personality or motivational characteristics have significant effects **(Carsrud, Krueger, 1995),** and that these variables should be consistent across time and in different situations (Stevenson and Harmeling, 1990; Kilby, 1971). As such, this line of research follows the traditional scientific research patterns and strictures.

In order to attempt an insight into existing theories of entrepreneurship, there is a need to define the entrepreneurship process itself ***"the entrepreneurship process starts with an entrepreneurial***

mind that conceptually envisions a new business reality and then starts to concretely enact it on the market through committing other actors to the process" (cf. Johannisson 1998).

Consequently, the 'new business reality' appears to be the very result of the process itself. This definition follows loosely the metaphor that sees entrepreneurship as the emergence of an organisation (e.g. Gartner, 1985; Gartner et al., 1992), where entrepreneurship is defined in terms of the actions the individual(s) take, rather than in terms of attributes they possess (e.g. Kilby, 1971).

Rather therefore than merely using a general 'behavioural' concept, one may also adopt a ***sense-making*** framework (Weick 1995) to combine cognitive and action dimensions of human conduct into one whole concept. What is interesting in the sense-making framework, is the fact that Weick emphasizes the concept of ***identity.*** An identity construct can be viewed as an initiator of actions (Wyer and Srull 1984). If a person is unsatisfied with his self-image, he is also motivated to act in a way that his self-image may be inherently changed. So, for an entrepreneur it is not easy to decide what he wants to become without first realising what he already is (Filion 1990; also Gatewood et al. 1995).

The ***intention*** concept instead, is squarely grounded in the cognitive psychology, which attempts to explain or predict human behavior (Boyd, Vozikis, 1994). Intention can be seen as a state of mind that focuses a person's attention, experience, and behaviour toward a specific object or method of behaving (Bird 1988). It proves to be the best single predictor of that behaviour (Krueger, Brazeal, 1994). According to Fishbein and Ajzen (1975) the origin of behavioral intention may be found in the underlying attitudes toward performing certain tasks, based on belief that certain consequences will occur from so doing. Intention is thus regarded as an immediate determinant of behavior. For example, most decisions to start up a venture are directly and significantly affected by how the founders perceive and interpret their environment (Bird 1988). That is to say, before any action is taken towards entrepreneurship, an individual has to have not only the 'right' identity, but also the clear intention to act towards that direction.

It is also clear that the identity structure of an entrepreneur is not a fixed one, i.e. it can, and even should, change during the process, as a direct esult of the successes or failures along the path of entrepreneurial activity. Entrepreneurs are in constant pressure to change and change they do (Carsrud, Krueger, 1995). Intentions are therefore either strengthened or weakened based on success of the process: for example, success in identifying or creating a new idea, gaining peer support, or gathering resources, strengthens the entrepreneur's intentions, and vice versa.

In addition the ***environment*** and its social institutions are either facilitating or constraining the individuals and the venture project. Usually the word 'environment' is used to describe everything that is outside an individual. The danger is that the concept becomes vague if it is used in too many cases (Sanner, 1997). When an individual takes a specific action, he enacts part of the general environment, which may be called ***context*** (Smircich, Stubbart, 1985). Furthermore, throughout the entrepreneurship process different contexts need to be enacted. In the beginning of the process an entrepreneur's context may be relatively small, as he has an influence only to a small part of the general environment. When an entrepreneur succeeds to actually enact a new venture his context grows, as new elements are now included into the older one. At the same **time** his influence over the environment increases. A context can be either 'enactable' or 'un-enactable'. A specific context may be un-enactable for several reasons: there may be a competing enactment, which reaches a critical mass of belief and acceptance, or people may lack **sufficient** resources to enact a specific relation (Smircich, Stubbart, 1985).

Giddens' (1984) **structuration** theory emphasizes the unintended outcomes of human behavior: even though individuals would wish to be most rational in their decision making, their actions may have unintended outcomes which are out of their control. Therefore, according to Bouchikhi it is time to accept 'chance' as a part of the very entrepreneurship process. This is also shared by **Gartner (1993)**, who relates chance and intentions: ***"Intentions are not necessarily operationalizable without the necessary circumstances".*** This suggestion is very bold, because normally the role of science is to minimise the role of chance in order to make novel predictions. In the success stories of entrepreneurs, chance or luck seems to play an important role (Bouchikhi, 1993).

For example, an individual might give the impression that it was pure chance that he met a particular resource provider. However, the situation can also be interpreted that it was not chance but a determined mind in search of resources that made the individual meet the resource provider, or allowed him to give meaning and opportunity to a stranger met 'by accident'. It is the post-rationalization process (sense-making) of the individual that makes him attribute some role to chance. Chance may equally have a significant impact at different stages of the process. For example, when a business partner suddenly dies, this unexpected event could otherwise jeopardize the whole venture. It is the ability of the Entrepreneur to adopt that event as a catalyst to progressive change that differentiates the ultimate outcome of the initial event. Chance is thus an unexpected occurrence arising **from** outside the entrepreneurial process, to which a meaning is given by the participant's core ability to capitalise on it. It is clear therefore that chance plays an integral impact to the entire relation system, **i.e.** to the whole process and not merely to a specific enacted context within it.

That entrepreneurial process can be predicted to commence when an individual identifies himself as an entrepreneur. The individual goes through some kind of mental process or internal struggle before the right identity is formed (e.g. Collins et al. 1964). This view is partially shared by Schendel and Hofer (1979) and Westley and Mintzberg (1989), who state that it requires an entrepreneurial mind along with a measure of chance or opportunity to start the entrepreneurial process. Some authors also speak about an anticipatory socialization process that precedes the cognitive choice to become an entrepreneur (Starr and Fondas 1991).

After this, the entrepreneur needs to define that new idea, test it, develop it, gamer support, etc. This is perhaps the most crucial phase or stage of the process: the original idea has to be born before anything can happen. Furthermore, the original idea needs also to be developed into a vision. In the beginning, an individual might have initial ideas or scenarios, which can be related to several potential new business concepts. Along the interaction process however a central vision may emerge out of those initial ideas. Usually however, the central vision is not too fixed, as the very environment brings changes, new ideas appear, etc. In other words, along the process, new ideas are usually incorporated into the venture-project (Starr and Fondas 1991). So, one or more emerging visions may well bear influence on the central vision. This process is closely embraced by Filion's (1990) Entrepreneurship Metarnodel.

What also characterizes the entrepreneurship process, is that the 'unique idea' or 'central vision' needs to be communicated in order for it to be realised (Westley, Mintzberg, 1989). As such, as the vision is diffused to the context, it brings the relation system into picture: it attracts, stimulates and motivates people around the project (Filion, 1990). Similarly, the entrepreneur and the relation system need to organise resources so that something concrete can be established before the new business reality can emerge out of these sub-processes and interactions. As a result, the new organisation starts to take a more permanent form (e.g. Gartner, 1985). Although the different sub-processes are often presented in a sequential order, in reality, it may be very difficult to separate them from each other.

The sub-processes are clearly parallel and each one affects the other. A process therefore can be deemed to consist of a series of events, each of which has its own separate influence and outcome (Shaver and Scott 1991).

As already seen therefore, from a positivist point of view, the goal of research is to search for regularities and test them in order to 'predict and control'. A subscriber to the subjectivist theory instead, applies the theory that the purpose of research is to 'describe and explain' in order to 'diagnose and understand'. I instead personally subscribe to the contention that a 'rationalist' viewpoint exists, one that creates a bridge between these two otherwise perpendicular directions, and which to all intents and purposes aims to isolate the three core driving forces behind new venture creation: the founders, opportunity recognition and resource requirements. It furthermore contends that the key to the ultimate success of any venture is a finely tuned balance between the careful, continual and realistic assessment of these driving forces, the real time in which they occur and where possible, their necessarily inspired influencing and manipulation to help create the desired for results.

Underlying theory and over-riding practical observation

Underlying theories and popular beliefs about the process of entrepreneurial dynamics are remarkably durable, and to this day still form much of the body of thought that is utilised by both governments and financial institutions, to both create policy as well as develop models that attempt to assess the implications of providing material support and creating policy for entrepreneurial ventures in general.

The following summary presents the most ingrained and/or prominent contentions that both the direct results and subsequent observations drawn from this study tend to belie. The theories outlined are not designed to be an exhaustive compilation of what the literature purports, but rather a selective choice by the author of key ones drawn from the body of literature reviewed, along with others that form part of popular under-current of belief by parties external to the entrepreneurial process itself.

Relationship 1 **Entrepreneurs start companies more according to perceived opportunity rather than from an actual knowledge of the industry chosen.**

The overriding majority of entrepreneurs canvassed within this study commenced their venture in the same Industry or general marketplace they already had experience in. This is often what gives the entrepreneur the 'edge' over his/her competitors. That is knowledge of the inner workings of the subject industry/marketplace, combined with the speed and flexibility that unencumbered guerilla tactics may allow - a powerful and often winning combination. A further driver witnessed in almost all the subject cases analysed, is the entrepreneur's inherent conservatism in 'not' taking more chances that need absolutely be taken to achieve their goal, choosing the gradual 'action and reaction' method as the preferred modus operandi, rather than the 'speculative' gung-ho approach of the business 'gambler'. This relationship is confirmed.

Relationship 2 Entrepreneurs are born, not made

Whilst an undoubted fact that a successful entrepreneur needs to have a modicum of predisposition towards self-fulfillment, the making of an entrepreneur is a gradual process, invariably covering a period of several years. Indeed, the vast majority of entrepreneurs in this study had 8-10 years of experience prior to the commencement of their current venture. It is an accumulation of skills, experiences and know-how; as well as a constant refining of the method/opportunity that he or she may define as that most likely to succeed (the existence of this process is also concurred with by Robert H Brockhaus in the 'Encyclopedia of Entrepreneurship' Englewood Cliffs, NJ: Prentice Hall 1982). This relationship is confirmed.

Relationship 3 Entrepreneurs need to be young to succeed

Somehow youth is often given as a prerequisite for the desire/ability to create opportunity and wealth through new venture creation. This is predominantly a belief stemming from an analysis of the last two decades. One where the onset of the electronic technology revolution was indeed often led by younger entrepreneurs who dared break the mould of ingrained practices. Whilst this may well be true of that specific industry, it is by no means a rule. Indeed this study (along with a number of others – **e.g.** Frontiers of Entrepreneurship Research, Babson Park, MA: Babson College 1981 – 1993) shows that the majority of successful entrepreneurs start successful ventures in their late **30's** and **40's** and furthermore highlights that any ventures that those same individuals may have started in their **20's** or early **30's** often finished in failure. This relationship is confirmed.

Relationship 4 Entrepreneurs are inherent risk-takers

There is a substantive difference between a calculated risk predicated on research, knowledge and timing, and that of merely blatant risk-taking. This specific study clearly highlights the former as being the chosen path of all entrepreneurs canvassed, as against the speculative gamble of the latter. Successful entrepreneurs do by necessity take a number of calculated risks, but then constantly try to influence the odds to ensure a positive outcome. These risks are rarely taken all in one block, but rather sequentially, each allowing a positive or negative outcome to be known prior to committing to additional risk. This shows the existence of a clear strategy in place and even of a conservative level-headed approach to tactical business decision making and venture development. Not a trait existing in the impulsive or compulsive gambler or risk-taker. This relationship is confirmed.

Relationship 5 **Entrepreneurs want to own and run their own venture exclusively**

The implication here is that the entrepreneur is a power driven individual who wants to dictate **his/her** own methods and terms to everything the venture is or does. That is not an observation that can be drawn from this study. Indeed the opposite is true, namely that the entrepreneur is keen to recruit talented and knowledgeable team members to whom to delegate much of the running of the operation. The caveat is that those team member be loyal and ultimately that they also genuinely embrace the corporate vision of the entrepreneur. Furthermore in almost all cases canvassed, the entrepreneur views that core team as almost part of **his/her** 'family, and is prepared to afford them as much 'limelight' and decision making responsibilities as they are able to shoulder. This relationship is confirmed.

Relationship 6 **Entrepreneurs are merely driven by profit motivation**

This factor was not observed in any of the author's research. Contrarily, the majority of entrepreneurs that formed part of the study, placed the derivation of profit goal as being merely a necessary benchmark of the success of the venture and not one that was needed primarily for personal consumption or gratifiction. The primary motivars observed and recorded were invariably others: such as personal fulfillment, corporate growth, peer recognition, attainment of career security etc., with the existence of a substantive profit **return,being** almost a side-effect of having achieved the former goals – a good mark for a job well done. Indeed one of the main and recurring complaints of entrepreneurs when discussing their relationship with financial institutions (such as Banks and or Venture capitalists), was that the executives of those institutions were only and exclusively motivated by profit concerns and focused their entire assessment of the validity of the venture on that singular goal. This relationship is confirmed.

Relationship 7 **For an entrepreneur to be successful he or she needs a break-through idea**

The majority of entrepreneurs canvassed did not base their success on a break-through idea, but rather on identifying opportunities within an existing Industry already known to them and then organizing themselves to capitalise on that opportunity. A common misconception amongst both venture capitalists and several main-stream financial institutions, is that one needs a break-through "invention" as the very basis for the success of an entrepreneurial venture. Analysis of current research shows that some of the greatest entrepreneurial successes come from attacking an established Industry marketplace, via tactics and conventions that are neither usual nor predictable by the existing entrenched competition, and thereby creating a substantial fissure to later exploit. The benefits of so doing, is that one is assured of the existence and viability of the underlying market (as against having to create it from scratch as would be the case with an invention). It is then that the skills, dexterity and even 'guerilla tactics' of a knowledgeable entrepreneur, can come into play to make the opportunity come alive. This relationship is confirmed.

Relationship 8 All it takes is money to ensure the success of an entrepreneurial venture

While adequate funding is undoubtedly important, an entrepreneur's skills are often best honed by the cut and thrust of everyday business realities. Just like guerilla warfare succeeds because of that need to overcome a large conventional adversary invariably through non-conventional means, so too an entrepreneur with an over abundance of start-up capital often creates a recipe for failure – leading to laxity of purpose and of corporate purse-string management. The entrepreneurs reviewed by this study all succeeded in-spite of (and maybe because) funds were invariably either in short supply or barely adequate. It is that very need to find a better system or path towards the realisation of a clear goal that often provides the entrepreneur with the necessary weapons to defeat a conventional adversary thereby creating a worthwhile market niche for **his/her** venture. This relationship is confirmed.

Relationship 9 Government and Financial Institutions play a major role in fostering successful entrepreneurial ventures

Almost without exception, entrepreneurs canvassed as part of this study rejected the role played by either government or financial institutions (such as banks and Venture capitalists) as a factor of relevance towards the success of their venture. In fact, most were either disillusioned **and/or** dismissive about the role that these entities play at all with **SME's**, citing varied experiences and examples that demonstrated the lack of understanding that these organisations had of the entrepreneurial process and requirements. The common thread between all canvassed entrepreneurs, was that both Financial Institutions and Government tended to be extremely myopic and mono dimensional in their stated pre-conditions as a basis for their subsequent involvement and support. The former tending towards a focus on the pre-existence of substantial corporate assets and guarantees of down stream profit realisation; whilst the latter concentrated on aspects such as the propensity of the venture's contribution towards significant job creation and whether it operated in a politically 'relevant' industry segment. This relationship is confirmed.

CHAPTER 8

Convergent Conclusions Regarding the Entrepreneurial Mind and Key Drivers

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Whilst a single model defining the entrepreneurial mind and the entrepreneur's core drivers has not been concurred on by past research, the one thing that has undeniably been agreed to by all the various groups of core interested parties (venture capitalists, financial institutions, behavioural scientists, academics etc), is the pivotal and invariably critical role that the entrepreneur plays in any venture's eventual success or failure.

Perhaps the one theory that has most gained widespread acceptance is that of Dr McClelland in his discourse of psychological motivation for the Entrepreneur (The Achieving Society – Princeton NJ, Van Nostrand 1961). The theory states that "entrepreneurs are motivated by three principal needs: (1)The need for achievement, (2)the need for power, and (3) the need for affiliation". The need for achievement refers to the need to accomplish set personal goals. The need for power is the need to achieve measurable influence and performance over and with others (be they competitors, suppliers or staff) as well as over institutions (such as banks and the like). The need for affiliation is the requirement to develop positive and meaningful relationships with those that the entrepreneur values most (key staff, suppliers, family etc).

This thesis has concentrated on both reviewing past and current literature in an attempt to draw out recurring themes and theories relating to the entrepreneurial mind; as well as setting out to clearly elicit new threads of observation and deduction that could in turn contribute to the development of alternate views and theories, as well as prove or disprove pre-existing ones. In so doing, a consensus has emerged around seven dominant themes, specifically as relates to what successful entrepreneurs do and need in order to achieve a level of performance that will eventually lead to the success of their venture within the general marketplace. It is equally important to note that no set recipe exists whereby these seven ingredients all need to be inputted in specific quantities, and hey presto, the perfect entrepreneurial success story is made. Rather, it is fair to say that the contention proposed is one derived through studied observation of both past studies as well as the core test groups, and one that in my estimation distils elements of these seven ingredients as those of most relevance and recurrence especially in the vast majority of those successful "new millennium" entrepreneurs reviewed.

The Seven Core Underlying Themes of Successful Entrepreneurs

1. Self- Reliance, Creativity and Self-belief – it is fair to say that all successful entrepreneurs must and do, above all believe in themselves and their own ability to achieve specific goals set by themselves at the outset of any venture. They are invariably intolerant of the status quo and are constantly looking for their own innate creativity to find alternative **opportunities/solutions** and then for their drive and commitment to purpose to act as the vehicle to secure for them the desired for-results. A recurring theme is that they unanimously believe that they alone are ultimately the catalyst in their own destiny and that they both have the vision and, either already possess or can rapidly acquire, the skill set to achieve it.

Successful entrepreneurs believe in themselves and are willing to take chances, especially so where they themselves feel in control of the risks taken. They are invariably adaptive and resilient, and both seek and benefit from the advice of respected peers in steering the course that they themselves have set, but need to be thoroughly convinced before they waiver from it.

Entrepreneurs wish to succeed more than they fear failing. In this they are almost dogmatic in their focus and sense of purpose. Indeed in some cases, not usually vital to the very life of their venture, they may purposely select a particular course that may in all likelihood bring failure to that particular channel of activity. They do so in order to test it, learn from it, and subsequently gain broad advantage from those lessons learned. They know that to succeed they must take chances and that those chances need to be translated into novel approaches that their competitors cannot fathom or invariably will not even seriously consider.

Sometimes this takes 'stage' failure; as only by failing in one or more 'stages' or 'elements' of a ventures' total activity, can the causes for that failure be distilled, fully analysed, understood and ultimately learned from as a process of future gain. This indeed in itself often becomes the vital process for the mapping of the entrepreneurs' subsequent successful venture strategy. Contrast this to the conventional decision process of say a typical publicly listed corporation, where such levels of 'risk taking' would not be tolerated by either the senior managers or the shareholders, as they might poorly reflect on the value of their company and share value or at least so during the phase of 'determination' as to the eventual success or failure of the initiative taken. Here uncertainty invariably correlates to investor negativity – a reality that many corporations CEO's have **often** discovered to their detriment is a powerful force in limiting their own creativity and risk-taking options.

2. Leadership – the common theme running through the majority of entrepreneurs observed, is one of inspired leadership. Most demonstrated a great passion for genuine team building and were keen to both share their experience with others in their team, as well as foster a heartfelt "esprit de corps" among their core staff and management team.

Both the literature reviewed and the research conducted shows that successful entrepreneurs are invariably self-starters and almost always lead from the front. Theirs however is typically not an egoistic attempt at self-aggrandisement, but rather a "lead by example" option, one that attempts to develop one's team through learning and inspired process. Analysis shows that there is among successful entrepreneurs a strong theme to exert influence without the exercising of formal power. They prefer to delegate a number of important duties and responsibilities to trusted members of their team, in the belief that in so doing these same individuals will at once better **satisfy** specific corporate goals and thereby gain personal fulfilment; an important factor to an inspired entrepreneurial leader. Successful entrepreneurs are interpersonally supportive rather than confronting or competitive. They nurture key members of their team and are quick to recognise special ability and dedication so as to build a trusted base of competent and effective managers. They are however invariably intolerant of those that belie their trust, or prove to have different personal agendas to those held by the team and necessary in furthering the successful prospects of the venture.

A commonly held personal aptitude and indeed ability, observed among the vast majority of entrepreneurs canvassed in the research, was that of 'impartiality'. That is the ability to distil individual differences of opinion between members of the core team by keeping attention focused on the common goal. A very strong trait in any successful team building process.

3. Risk Tolerance – invariably entrepreneurs risk both money and reputation, not to mention potential personal financial security, in their attempt to follow their dream of creating a successful venture. Equally however, they are decidedly not gamblers, they are rather 'calculated risk-takers'. They carefully calculate the risks to be taken and invariably do everything in their power to influence those risks in their pursuit of a positive outcome.

Successful entrepreneurs involve others in their 'dream'. They have the ability and the passion to sell their vision and in so doing recruit a posse of co-investors in the form of creditors, investors and even customers, all of whom will in different ways contribute and share in the 'investment' and thereby in the taking of risk Indeed, a recurrent element in the vast majority of the entrepreneurs observed, was their ability and propensity to 'pass' some or a large portion of that risk to others wherever possible. Limiting the risks actually fully underwritten by themselves, to those which they are confident of being able to personally fully manage, underwrite and carefully strategize 'ad **priori'**. Another relevant recurring observation drawn from both the verbal and written element of the research is that entrepreneurs are actually far more conservative and calculated risk takers than the vast majority of senior managers of public (not entrepreneurially led) corporations, whose less frequent, but nonetheless unavoidable risk-taking decisions, are often predicated on more subjective personal or career reasons, than they are on strongly founded corporate necessities. At the core of this are two key motivators, firstly the fact that the funds they are dealing with are not their own (albeit they may have a small shareholding or share options in the corporation), and secondly that in order to provide the continued growth and **ROI's** often sought by the share market, they need to increasingly take greater risks and stray **further** and further outside their company's areas of tested core competencies.

4. Determination and Commitment to achievement of goals - Entrepreneurship and Determination go hand in hand, they are the left and right side of the brain – 'intent and emotion', two vital ingredients recurring throughout any analysis of the entrepreneurial mind and psyche. Determination and commitment become the overriding drivers that can often bolster weaker areas of any entrepreneur's armoury, such as experience, formal education, strong financial backing etc. The majority of entrepreneurs canvassed in this study demonstrated a history of dogged determination to overcoming problems, but were hardly ever foolhardy. Their mind is squarely focused on the problem at hand and at how best to resolve it quickly and efficiently. Furthermore a repetitive trait in all of those entrepreneurs reviewed, is their ability to change course quickly and effectively once an insurmountable obstacle actually does block their path. If a task indeed proves unresolvable, the majority of entrepreneurs canvassed demonstrated a propensity to relinquish their strategic path up far sooner than their corporate management counterparts. Indeed these entrepreneurs were able to commit thoroughly and decommit entirely, and do both very quickly and very effectively.

The literature shows that complete commitment on the part of the entrepreneur is required by the vast majority of successful entrepreneurial ventures. The protagonists invariably live under an overriding mantle of consistent and relentless pressure, brightened however by hope, achievement and the satisfaction of total self-determination. An individual's commitment can also be empirically measured through their willingness to invest disproportionate amounts of personal net worth in their venture; through their acceptance of drawing far lower amounts of money from their company than they would ever accept to in almost any other professional situation; to work long relentless hours – whether at work or anywhere else they might need to be; and to make personal emotional sacrifices which might encompass time not spent with family or pushing themselves to the limit in travel and business commitments.

It is also an observed fact from this study's participants, that whilst the vast majority of entrepreneurs are thoroughly and often single-mindedly determined in the resolution of problems and the overcoming of hurdles, they are surprisingly realistic in recognising when their specific lack of experience requires external resolution. That is to whom or where they need to go to get help in resolving a difficult problem or task. Determination therefore becomes a factor for positive growth rather than a barrier to change through practical experiential inability or just stubborn pride.

5. Focus on Opportunity - Entrepreneurs who achieve success do so because they have been focused on capturing opportunities. Opportunities are created because of changing circumstances, inconsistencies of supply and demand within a specific marketplace, information gaps, emergent technologies or consumer appeal, as well as a host of other vacuums, and also because entrepreneurs can both recognise and seize them. Successful new ventures are invariably anchored in opportunities with rewarding, forgiving and durable profit realisation.

As each of the preceding case studies underscore, the entrepreneurs sampled all demonstrated higher degrees of drive and total immersion in realising the opportunity sought. One where their strong familiarity with markets, customers, competition and supply streams proved to be determinant advantages in their ventures success. These entrepreneurs are also assisted by their ability for fast reaction and short lines of communication between identification, decision and actuation of an opportunity. This of course is unlike the reality experienced by their corporate cousins, for whom every major opportunity identification requires rights of passage through a sea of boards and committees before it can be approved for realisation.

6. Drive to excel - 'To succeed is desirable, to excel within that success, is sublime'. Hence can be paraphrased the thought patterns and core driver applicable to the majority of the entrepreneurs canvassed in this study. Each of the participants showed varying degrees of pride and satisfaction garnered through the creation of their venture and not merely in having it thrive, but in so doing deriving the admiration and consensus of their peers in the fact that it had thrived 'exceptionally well'. These entrepreneurs are self-motivated dynamos who are invariably driven internally by a strong desire to pursue and achieve self-set and invariably personally challenging goals.

This general need to achieve is well researched and documented by conventional literature such as that of Maclelland and **Atkinson** in the 1950's and **60's.** But what is perhaps less well documented, is just how strong this motivar is. The research undertaken confirms that it is indeed perhaps the strongest of all. It is a self-imposed standard and one that is predicated by an innate personal requirement to balance freedom of action within an otherwise conventional structured business society, with proven achievement within that very structure. Colloquialisms like "I can do it despite..." or "beating the odds" or even "I'll show them" all were phrases used by the entrepreneurial participants. Ultimately however this same research points towards a recurring reality that this thirst for achievement is not driven by a requirement for power or conventional status and wealth, but rather by a personal motivation for self-fulfillment, along with the challenge and excitement that the journey will award its traveller. Indicating that 'power and status' are merely the by-product of that journey's successful conclusion.

Money and profits to a conventional successful entrepreneur are seen as 'tools of the trade' rather than means in themselves. They are a method of keeping score and of marking the achievement or failure of set goals and targets; mathematical expressions of how well they are performing and what they need to change in order to perform even better.

It is therefore one of the conclusions from this research, that of even more personal relevance and importance to successful entrepreneurs, is for them to exercise (and perhaps be seen to exercise) above average standards of integrity and reliability. They after all have their entire personality and integrity on the line for everyone to see and judge. No typically corporate management cover or smoke screen exists of "doing the best for the shareholders – whatever method 'the best' might entail. The entrepreneur after all is unashamedly self motivated and self-fulfilling, so any dubious or blatantly unfair practice would portend very negatively on **his/her** character directly rather than merely that of the corporation. But even beyond this, it is an observed fact that the vast majority of entrepreneurs canvassed genuinely cared for members of their team and unless those members showed disloyalty to them or the cause, they were invariably fair and often very generous in their gratitude.

Finally and most surprisingly perhaps, this drive to excel on the part of all of the entrepreneurs canvassed, was not in the researches view, ever observed to be tempered by myopia. Rather, each of the successful entrepreneurs was almost invariably selfquestioning and personally driven to realism about **his/her** own capacity. This promotes a very valuable ability to maintain a sense of perspective, making it possible for the entrepreneur to properly analyse a situation and seek a new, better direction often when one is most needed. For after all a 'drive to excel' does not call for the achievement of a set goal above all the odds. But rather for the shortest route to sensibly and equitably achieving the self-fulfillment sought.

7. The seventh attribute – possessing very small dosages (or none at all) of the following conditions or traits – Each of the following traits were either the subject of the conscious awareness of negative entrepreneurial traits as discussed with entrepreneurs forming part of this study, or formed part of the after-event analysis on the part of the researcher. Whilst some of the following can however be realities and/or highly desirable traits within some professions and indeed within our society, they prove almost wholly unnecessary or undesirable within the constituent make-up for a successful entrepreneur.

Poor health – the invariable stress and heightened workload of the typical entrepreneur requires excellent health and stamina. Poor health is a definite precursor to anything but tentative success.

Emotional instability – to feel is important but to allow those feelings to run your decisions is invariably damming. Entrepreneurs need to practice and demonstrate strong emotional impartiality and reliability and that can only derive from an innate ability to keep check of one's emotions.

Heightened creativity – other than at the onset of a new venture, the necessity for continued heightened creativity can be as negative and disruptive to a ventures growth prospects as having no creativity at all. It begets constant change and often destabilises an organisation in its attempt to restructure itself to contend with the requisites of that change.

Unbridled charisma – a capacity to inspire and delegate is vital, but an overabundant supply of unfettered personal charisma can be a negative in so far as it hampers others in the organisation from stepping up to contribute significantly, in the belief and fear that they will visibly not match up with their "charismatic boss" and therefore be universally ridiculed for even attempting the feat.

Poor ethical values – as has already been seen, an entrepreneur's ethical values are often the foundation for the building of a strong and coherent team. Good peer esteem is also most important and relevant as a driver for investor and supplier comfort.

Perfectionism – the arch-enemy of entrepreneurship. Successful entrepreneurs require to delegate as much as possible and build strong teams as a method for their venture's growth. Perfectionism invariably implies singular control, which engenders neither of the foregoing, but rather leads to dissent and foregone opportunities for fast action and growth. (Perfectionism is not however to be confused with having high standards).

Authoritarianism – just **as** too much personal charisma can prove a negative to an entrepreneur so too does too high a dose of authoritarianism. It stifles self-expression on the part of one's team and **further** drives all decision making to the entrepreneur **him/herself** for fear of retribution or rebuke. The resultant effect is one of necessary micromanagement on the part of the entrepreneur and therefore a wilting of the venture's ability to grow.

CHAPTER 9

The Entrepreneur's Third Dimension

Learning, Practice and Spirituality – Conclusions

Perhaps the most vexed questions ever since the beginning of the coining of the word "entrepreneur" has been: "are entrepreneurs made or are they created?" and "what are the core entrepreneurial drivers?" This study has set-out to shed some light and provide a degree of insight into these topics, doing so both by reviewing the principal body of work as provided by generations of scholars in entrepreneurship, as well as by conducting qualitative research, observation and analysis by way of a chosen group of Australian entrepreneurs.

The proffered and highly distilled results as contained within Chapter 9, attempt to verbalize the most relevant underlying themes recurring amongst the entrepreneurs forming part of this study. However, not all aspects noted can be as easily presented verbally, some require visualisation in order to more accurately portray relativity between often disparate entrepreneurial drivers. The model shown overleaf is constructed to help in this respect. It sets out to show 'cause' and 'effect' as pertains to a typical entrepreneur and does so by selecting six core entrepreneurial values:

1. Spiritual – otherwise know as the 'third dimension' of the holistic self, requiring the entrepreneur to go out of the physical dimensions of self. This is not a normal part of physical reality, which in itself clearly points to and identifies a realm for further research.

   In brief however, in this day and age a more comprehensive view of human nature is developing. It recognises our personal uniqueness as well as a transpersonal dimension, something that is beyond our individual egos, and yet still is a part of us. Based on observations and practices from many cultures, the transpersonal **perspective** is informed by modern psychology, the humanities and human sciences, as well as contemporary spiritual disciplines.

   Indeed, as a major orientation in psychology, a transpersonal perspective exercises both objective and subjective modes of knowing. It connects contemporary educational, scientific, and clinical methodologies with personal, social, and spiritual understanding.

It is concerned with full human awareness, the integration of psychological **and** spiritual experience, and the transcendence of self.

2. **Subliminal/Intuitional** – otherwise known as "instinct" or colloquially speaking "gut feeling". This trait is **often** the result of both learning and experience.

3. **Professional Learning** – practical experience as may have been garnered from past professional roles and experiences.

4. **Educational** – learned matter.

5. **Character** – specific traits that may be conducive to a defined vocational path.

6. **Self/Persona** – innermost desires, abilities and fears.

It then visually interposes the inter-relationship and relative path as applies to common character traits and known drivers, chosen from those most applicable to entrepreneurs reviewed within study, as well as from those key recurring themes as drawn from the main body of pertinent literature. They are deemed to be:

- Integrity – honesty, truthfulness and positive intent
- Opportunism – ability to identify and grasp an opportunity, seeking to benefit from it
- Inspired leadership – natural ability to lead and inspire others
- Financial Motivation – desire for material success.
- Selfquestioning – self-analytical process so important for entrepreneurs often working in a peer group vacuum.
- Determination – subliminal desire to achieve one's goals.
- Self-reliance – belief in self and one's own judgement.
- Risk tolerance – realisation that certain decisions may prove risky but possessing of the self-assurance to suitably evaluate the **risk/reward** equation.

OBSERVATION OF MODEL

Integrity: Spiritual – Subliminal – Professional Learning – Educational – Character – Self Persona

The core sample of entrepreneurs canvassed all showed varying degrees of both moral and professional commitment to their chosen entrepreneurial goals, team and venture. The roots of this can in each case be mapped by reviewing their education, character propensity and indeed prior career experiences; but equally a common thread became exposed with every subject studied. That thread is best coined as the "spiritual" driver.

That is, a third intensely human dimension that motivates the entrepreneur to drive him or herself beyond the accepted normal standards of business activity and focus, in order to achieve the sought for level of success that transcends the merely financial or material. A success that also seeks the genuine recognition of one's peers, family and staff, and perhaps more importantly, one's inner self. This not only because of how that success was actually achieved, but also how in so doing, it allowed the lives of those involved with the venture to be positively touched along the way.

A messianic goal? Perhaps not. Rather one of a 12th Century "Condottiere" that embarks on his crusade to the holy land for the purpose of liberating his "God" fiom the infidel (in modem day terms an analogy for the often impersonal and sometimes deemed immoral, multinational corporation) with the aim that his particular band of armed followers, as well as his wider group of loved ones and vassals back home, would then be able to live a better, fuller spiritual life. And in so doing, all the time drawing strength and determination **from** their pride of him in his achievements, and of their admiration as to his dedication and courage in this seemingly David versus Goliath struggle. Examples of this unique essence are few and far between in literature as it is something that most authors tend to not clearly seek to document, however a phrase recorded from one of the case study subjects best epitomises the reality of its existence: **"I *do not really care that I may be forgoing large salary opportunities and large company benefits by working in my own small entrepreneurial company, what I'm doing is what I choose to do because I want to and because it gives me great satisfaction to build something worthwhile and to do it with a group of people that I am proud to work with".***

Opportunistic: Subliminal – Professional Learning

The very nature, size and short line of command of the entrepreneurial venture lends itself in the vernacular of our current society to being able to "turn on a dime" or "hit and run". Entrepreneurs need to be able guerrilla fighters. No "stand and fight" is possible when the enemy that you are fighting against outnumbers you **100's** or even 1000's to 1. However, there is much evidence both in the literature as well as in the studies conducted within this thesis, that successful entrepreneurial "opportunism" is neither merely 'taught[7] nor is it simply 'second nature'. Indeed it is clear that for it to succeed in practical terms and do so over a continued and protracted period of time, it must absolutely be both.

Almost without exception, all of the successful entrepreneurs canvassed showed a distinct history and propensity for having made enough of the 'right' opportunistic decisions along the way for that success to have been attained. Rather surprisingly though, the majority described those often pivotal decisions and actions as merely "acting on instinct" or "gut feeling' at just the right time. This is clearly a self deprecating remark that is, upon review of each of the individual's prior career paths, not fully cogent, as it soon became evident that those so called 'gut decisions' were indeed universally well founded on business and timing lessons learned along the way. Indeed some of those prior lessons were either learned on the expense account of prior major corporate employers, or actually directly led to earlier entrepreneurial venture failures, almost invariably inflicting personally significant financial loss to the entrepreneur in question. However, an example of a typical thought comment drawn from the case study interviews is as follows: ***"there are many things....caring for what you do and instilling in all that work with you the same care....to go for quality and for reliability......and yes, to have an open mind to ways and means to better your competition...to think on your feet and not to rely on how other people have done this or that...to commit to a course of action but not to carry it out blindly...if something changes, well so must what you do."***

Inspired Leadership: <u>Subliminal – Professional Learning – Educational – Character</u>

By its very definition an Entrepreneurial Venture relies upon an entrepreneur for its early vision, direction and indeed its very being. The employees and staff of each entrepreneurial venture equally associate the core structure of the business with its owner and invariably thrive or flounder on that entrepreneurial owner's leadership and inspirational skills (or in the case of failure – lack thereof). Furthermore for the venture to be successful, it must in great part rely on the genuine efforts, loyalty and cohesion of its employee team. As in this way will it not only free-up the entrepreneur enough to apply his or her attention to identifying and capturing market opportunities, but it will also allow for all of the multifarious daily operational and fulfillment functions to be carried out reliably and successfully for that venture to persist and grow.

All of this lends itself to an "inspired leadership" style of management, which is indeed a common thread with entrepreneurs studied and reviewed both within the literature as well as specifically within this study, all of whom proved to possess a singular leadership style which could be traced back to four principal areas of influence:

- Personality and basic Character propensity to lead rather than follow

- Educational learning within either **and/or** a family or institutional environment that instilled basic teachings and groundings favourable to intra-personal relationship and team building qualities and leadership abilities.

- Prior experience lived and lessons learned from earlier ventures **and/or** corporate formal training. An invaluable experiential tool in better understanding the mechanics of leadership and team development.

- An intuitional and subliminal capability to both lead, motivate and yet empathise and understand both where and when necessary, the special requirements and drivers of each and every key member of the venture's team; so as to extract the greatest amount of tangible loyalty, assistance and ultimately worth form that team member.

In short therefore the ultimate examples of successful cut-through "inspired leadership" is best epitomised by firstly a very simple and naively genuine nuance reported to the writer by an entrepreneur interviewed. That is "when a company's employees in open conversation refer to the corporation for which they are working for as 'our company' rather than by any other descriptive term". Whilst secondly by this comment taken from one of the case study subjects: ***"The most help has come from my team of people both within Head Office in Australia and in the field overseas. They have all embraced my vision and made it theirs... becoming even more passionate than me about achieving our goals and our expansion overseas."***

Financially Motivated: Professional learning – Education

Among the greatest realisations that this study produced was the strong evidence both within the general literature and among those entrepreneurs who formed part of this research, that financial motivars for entrepreneurs seemed not to be based on the same rather more self-centred and singularly focused precepts, as generally exhibited and practiced by senior management of public corporations.

Indeed the indicators are that entrepreneurs do not equate personal financial success as the single most significant measure of their abilities, achievements and ultimately self-worth as is otherwise the case with their public corporation cousins, but rather are often content to underwrite a substantial measure of short and mid term personal financial reward for other benefits deemed as, if not more, valuable. They include: professional independence, attainment of corporate growth ambitions, recognition of success by valued peer group, achievement of professional ambitions, and so forth.

So while it is true that a measure of personal financial success is at the very core of the requirement of what our capitalist society deems as both desirable and necessary for any entrepreneur to demonstrate corporate worth and achievement – this proves not to be a critical subliminal driver for the singular entrepreneur as summarised by a direct quote from a study subject: **"I *truly believe that what I'm doing today not only gives me great personal satisfaction, but will also yeald a very good return down the track, so long as I do it well and do it intelligently*"**. At least that is until such time as he or she decides to sell the venture, for then the quantum of the financial reward realised becomes the truest measure within the mind of that same entrepreneur, of the reality of that personal success.

Self Questioning: Professional learning; – Educational – Character

The Entrepreneur that emanates both from the literature and the specific research of this study, is one who combines the traits of character with education and lessons learned from past career experiences to develop a management strategy that is at once intuitional as its is both deliberate and practiced.

However ideal a recipe this may seem for the perfect 'success formula', it comes with great private self-questioning at every turn along the way as summed up best by a study subject quote: ***my past career experiences taught me a lot, much of which I've put to good use here. I'm sure however that I've still got much to learn, but the aim is to minimise my future mistakes and maximise the successes.*** After all, the entrepreneur in question is typically alone at the top, often not having the luxury of organisational depth of truly experienced senior management and on-staff peer group confidants with whom to "bounce ideas" and check ones progress and decisions, in a wholly candid and impartial way. It is therefore hardly surprising that a degree of "self counsel" is required, as only by testing one's theories and strategies again and again in **one's** mind can the entrepreneur hope to distil the essence of the potential hurdles, problems and wrong directions that might be encountered along the way.

Once any one problem is thus dissected, elements of it can then however be taken to either specific members of one's team or trusted external consultants for help in overcoming and resolving it. All within an atmosphere of cooperative technical assistance that may tend to prove to the "team" that the "boss" is very much in control, rather than that **is, perhaps** the more correct scenario where the boss is indeed very much in control...but only after sleepless nights questioning and challenging his very abilities and decisions.

Determined: Character – Educational – Professional learning

Without determination the entrepreneur will almost certainly not succeed. That determination is at the core of providing the focus and stamina required to surpass all the myriad of professional, financial and sometimes personal hurdles, that are sure to come along the path towards eventual venture stability and success.

That quality of "determination" however is not solely character derived. Indeed both the literature and the research shows that two other significant inducers exist:

The first is what the entrepreneur learns directly from his or her family and educational experiences. In many cases, especially the lessons learned around the family table are pivotal to the future of the formation of the values and ideals of the entrepreneur. The process of character building starts young and the determination of one's parent or parents in surmounting problems and overcoming challenges in the process of building a family, can prove to be strong character building triggers to a budding entrepreneur. Indeed the vast majority of entrepreneurs canvassed within this research ascribed a high value to family as positive and influential role models.

Secondly, the prior business experiences that each entrepreneur goes through, be they corporate or own venture, positive or negative are all important in establishing the developing character of the individual. Each episode lived teaches a lesson and to the enquiring, self-critical mind of the entrepreneur, each one is a building block towards the eventual edifice of venture success. Determination is invariably a quality that features highly in both the conscious mind and the desirable armoury of all entrepreneurs canvassed, each ascribing a degree of culpability to its absence for past business failures and causal effects of its presence for their current successful venture – as best summed up in this study subject quote: ***"I am sure that perseverance and focus pays o f I cannot take my eye off the ball for too long as every time I do a crocodile snaps it up!!"***

Self Reliant: Self/Persona – Character – Educational – Professional learning

An entrepreneur may give the impression of sharing counsel and truly listening to advice from both valued member of his/her own trusted team, but ultimately nothing is acted upon without first checking with one's own evaluational measure chart. An entrepreneur is nothing if not wholly self-reliant. That is how after all, he/she has made it thus far, by listening to everybody's advice but invariably following his/her own.

The causes for this are many, some are personal make-up and character related but perhaps the more directly relevant ones are experiential and specifically learned under past professional circumstances and environments – a key example may be drawn from this study case quote: ***"sure I've made some mistakes along the way, but I've always learned something from them and now I try to ensure that at each major corporate turn I remember what lessons I learnedfrom similar prior experiences, and then I feel far more prepared to also collate the advice of others into something that I will feel comfortable enough with in order to act".***

A recurring theme amongst entrepreneurs canvassed as well as from the literature reviewed, appears to be that ultimately an entrepreneur is drawn to **his/her** own advice not only as a basis of core character make-up traits, as well as experiential journey's lived; but also as a means of deflecting blame (and conversely to an extent, praise) from others in the event that a particular major decision proves to be either unsuccessful or ill-judged. For after-all the entrepreneur is keenly aware of where the "buck stops", so unlike **his/her** corporate cousin, that knowledge clearly defines an attitude of self-reliance and responsibility rather than one of blame sharing and witch hunting.

Risk Tolerant: Subliminal – Professional **Learning** – Educational

There is nothing that better defines the entrepreneur as by placing the "tag" of "risk-tolerant". After all risk cannot be merely defined in entrepreneurial terms as the "likelihood of loosing money", but rather one must expand the definitional horizon to include other elements that stand to be lost such as "time, reputation, self-worth, peer group standing etc.

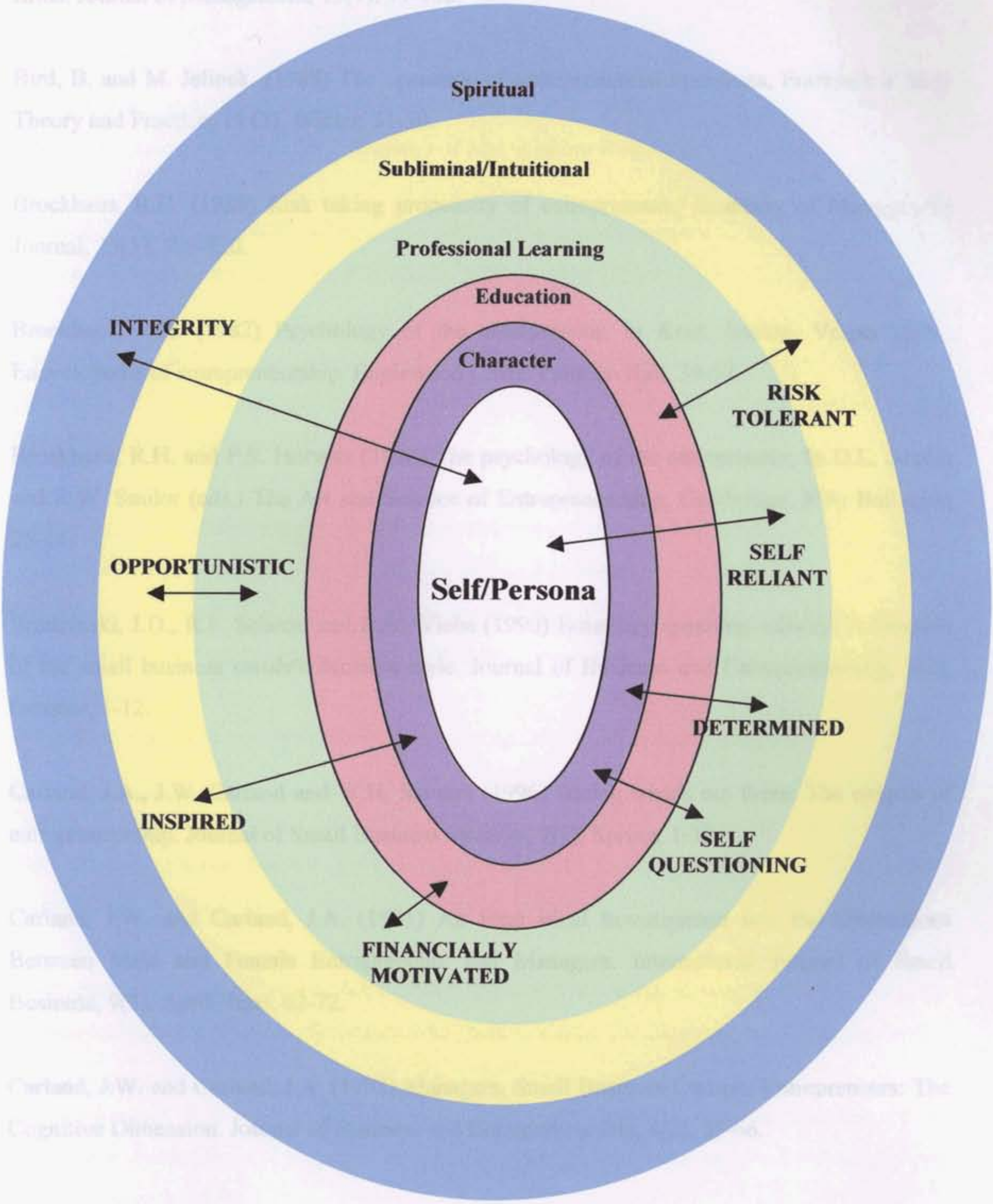
However, whilst it is unavoidably true that an entrepreneur must by definition be "risk tolerant" it is equally true that **he/she** is also "risk averse". The best way to emphasise this potential dichotomy and contradiction in terms is by paralleling the actions of the entrepreneur and **his/her** senior corporate cousin in public business. For while the former, in order to make the entrepreneurial business grow and thrive must take calculated chances, each one is sorely inwardly debated with the knowledge that a mistake at any turn could prove fatal to the growing enterprise. The latter instead will often makes daring and risk-prone decision with the knowledge that any eventual success will be the platform to herald that personal glory and thereby resultant corporate advancement/recognition, and that any eventual failure might well be able to be put down to 'other' prevalent contributory factors and that because of corporate size and mass – cushioned from proving too onerous to the future of the corporation in question. In conclusion therefore, whilst risk tolerance is no more than a necessary learned discipline and tool to the entrepreneur, it is a powerful and indeed even dangerous axe to the corporate manager, whom, in an ever more competitive personal, corporate and investor environment, is increasingly resulting to "risk policies and tactics" as the chosen method to stand-out personally and progress corporately.

Subjective study conclusion

It is conceivable to propose that the Entrepreneur encountered both within this study and indeed within a large portion of the general literature is a truly complex being, inarguably motivated by many more drivers and goals than is the case with **his/her** corporate cousin. Furthermore, another significant conclusion as a direct result of the propositions tested within this subject thesis, is that among the intricate web of interconnected traits forming a significant portion of the entrepreneurial, evolutional and psychological make-up and motivars, is that of "inner spirituality". This stems **from** a single holistic and yet three-dimensional driver that here-to-fore has really neither featured within general literature, nor has it been the subject of any specific focused studies of which the author is aware. Observation shows that it is however one all pervasive reality and mantle, the existence of which appears to colour many of the actions and decisions that form the basis of an entrepreneur's daily life and venture management.

It is equally important at this juncture to add that this study did not set-out to specifically discover and then purposely analyse the existence or otherwise of this "third dimension of the holistic self". However, the path of qualitative analysis chosen by the author as the core analytical tool (versus the rather more academically typical and subscribed methodology of 'quantitative survey analysis[7]) paved the road for this substantive finding, as the only seemingly viable explanation to a host of actions and drivers found to be consistently occurring within the entrepreneurial subjects observed, ones not easily able to be pigeon holed and explained under any number of more traditional headings. As such therefore, the author can merely comment and propose the reality of its existence as a cogent basis and starting point for future specific study and research, and one truly worthy of that future specialised and centred focus.

Visual Interpretation of Core Entrepreneurial Values



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APPENDIX 1

PLEASE CIRCLE, UNDERLINE OR FILL IN ANSWER(S) AS REQUIRED. IN SOME CASES MULTIPLE SELECTIONS WITHIN ONE QUESTION MAY BE APPROPRIATE. NO QUESTIONNAIRE WILL BE IDENTIFIABLE TO AN INDIVIDUAL, NOR WILL IT BE RECORDED UNDER THE AUTHOR'S NAME.

ENTREPRENEURIAL CASE STUDY

CONFIDENTIAL QUESTIONNAIRE

Personal details -

1. Age:
- Under 30
- 30-39
- 40-49
- 50+

2. Marital Status:
- Single
- Married
- De-facto
- Divorced
- Other

3. Partner's profession:
- Homemaker
- Self-employed
- Corporate Management
- Professional Services
- Other (specify)

4. Children:
- One
- Two or more
- None

5. Your Completed Education:
- High School
- Undergraduate
- Graduate
- None of the above

6. Principal Leisure pursuit(s):
- Business Related
- Social
- Physical/Sporting
- Family

Parental background

7. Father's present or past profession:
- Self-employed
- Corporate Management
- Corporate Support Staff
- Professional Services
- Other (specify)

8. Mother's present or past profession:
- Self-employed
- Corporate Management
- Corporate Support Staff
- Professional Services
- Homemaker
- Other (specify)

9. Parents' links to your chosen field:
- Same Industry
- Professional Services
- None

10. Principal role **model(s)** in formative years:
- Father
- Mother
- Sibling
- Relative
- Family Friend
- Other (specify)
- None

Career prior to current venture

11. Main experience outside of current industry:
- Management
- Technical
- Professional
- None

12. Main experience within current industry:
- Management
- Technical
- Professional
- None

13. Senior Corporate positions held prior to current enterprise:
- Financial
- **Sales/Marketing**
- **Production/Technical**
- Operational Management

14. Most significant corporate **achievement(s)** within current enterprise:
- Financial
- Growth of Enterprise
- Independence
- Peer Recognition

- Familial Recognition
- Technical/Professional Achievement
- Strong Team building
- Other (specify)

15. Greatest Corporate frustration(s) within current enterprise:

- Financial
- Personal Time Commitment
- Slower Growth than Expected
- Human Relation problems
- Insufficient backing from institutions
- Technical/Management resources
- Other (specify)

16. Prior entrepreneurial venture(s):

- Same Industry
- Related Industry
- Different Industry
- None

17. Nature of success or failure:

- Company sold for a profit
- Company Liquidated
- Company failed
- Personal share-holding sold for profit
- Other (specify)

18. Do you currently manage/own another company beside this one:

- 1
- 2
- 3+
- None

19. How would you describe your current business?

- Service/Professional
- Manufacturer
- Wholesaler
- Retailer

Primary reasons for the commencement of current venture

20. How was the business commenced?

- Inherited
- Purchased
- Start-up
- Other

21. Key Personal motivation:

- Financial
- Entrepreneurial ambition
- Family opportunity
- Fast track career path
- No viable alternative

22. Key perceived opportunity in entering your field:
    - Knowledge of industry
    - Advice/Mentoring from others
    - Invitation to entry from suppliers/clients
    - Personal drive/ambition
    - Perceived global opportunity

23. How would you describe the market:
    - Fledgling
    - Developing
    - Mature
    - Global
    - Oversubscribed

24. How would you describe the Competition:
    - Small/Medium entrepreneurial
    - Medium/Large Domestic Corporate
    - Large International
    - Mixed Entrepreneurial/Corporate

25. The Competition - number of significant competitors on your domestic market:
    - None
    - 1-3
    - 4-9
    - 10- 19
    - 20+

26. The Support - Who were the main contributors to the commencement of the venture:
    - Family
    - Professional mentors
    - Business Partners
    - Key Employees
    - Domestic Suppliers/Clients
    - International Suppliers/Clients

Financing

27. How was the venture financed:
    - Personal Funds
    - Family Funds
    - Bank Borrowings
    - Venture Capital
    - Private Investors
    - Partner's Funds
    - Supplier's Credit
    - Client receipts
    - Other (specify)

28. How much start up capital did the venture take:
    - Under $500K
    - $500K - $1M
    - $1M - $3M
    - $3M - $5M
    - Over $5M

29. How long did it take to recoup the start-up capital?
- Under 12 months
- 1 - 2 years
- Over 3 years
- Not recouped

30. Was any subsequent capital invested into the venture?
- Yes
- No

31. If subsequent capital was invested, was it:
- Prior to 12 months
- Between 1 - 2 years
- Over 3 years

32. If yes, what percentage of the original investment did it constitute:
- Less than 50%
- 50% to 100%
- 100% to 200%
- Over 200%

33. About how much capital would you believe a person who knows the trade need to be able to start a small but viable firm in your industry:
- Under 500K
- 500K-$1M
- 1-2M
- 2-5M
- Over $5M

34. How large a share of the firm is owned by each of the categories below (out of 100%):

	Financial Share	Voting/Power Share
Yourself		
Yourself and your spouse		
Other members of your family		
Operating managers		
Venture Capital firms		
Private or Public Share holders		

Formal business planning

35. Did your existing company commence with a formal business plan?
- Yes
- No
- Partial

36. Were the early **goals/milestones** met?
- All
- Most
- Some
- None

37. Is a formal business plan being utilised now:

- One year plan
- Three year plan
- Five year plan
- None
- Partially

38. Was global marketing part of your strategy from?

- Start-up phase
- Semi-maturity
- Maturity
- Never

Corporate milestones

39. Age of current venture

- Under 3 years
- 3-5 years
- 6-10 years
- 11-15 years
- Over 15 years

40. How long from conception of venture to actual trading commencement:

- Under 6 months
- 6-12 Months
- 1 – 2 years
- 2 – 3 years
- Over 3 years

41. How long from trading commencement to positive cash flow:

- Under 6 months
- 6-12 Months
- 1 – 2 years
- 2 – 3 years
- Over 3 years

42. How long from trading commencement to break even **PandL:**

- Under 6 months
- 6-12 Months
- 1 – 2 years
- 2 – 3 years
- Over 3 years

43. What were the Approximate Gross Sales of your company (In A$)?

- 10 years ago
- 5 years ago
- 3 years ago
- last year
- **current**

44. How long in terms of corporate goal achievement, was the start up period:

- Less than 6 months
- 6-12 months
- 1-2 years
- Over 3 years

45. How long in terms of corporate goal achievement, was the semi-maturity period:

- 6-12 months
- 1-2 years
- Still in semi-maturity period

Which of the following do you identify as your major personal strengths during the:

(please only complete the phases appropriate to your business)

46. Start up phase:

- Clarity of purposeldrive
- Industry Knowledge
- Financial control
- Management/Organisational
- Sales/Marketing
- Global market reach
- Technical
- Selection of Key contributors
- Development of new productslmarkets

47. Semi-maturity phase:

- Clarity of purposeldrive
- Industry Knowledge
- Financial control
- Management/Organisational
- Sales/Marketing
- Global market reach
- Technical
- Selection of Key contributors
- Development of new productslmarkets

48. Mature or Current phase:

- Clarity of purposeldrive
- Industry Knowledge
- Financial control
- Management/Organisational
- Sales/Marketing
- Global market reach
- Technical
- Selection of Key contributors
- Development of new products/markets

Which of the following areas would you identify as ones which you felt weakest in:

(please only complete the phases appropriate to your business)

49. Start up phase:

- Clarity of purposeldrive
- Industry Knowledge
- Financial control
- Management/Organisational
- Sales/Marketing
- Global market reach
- Technical
- Selection of Key contributors
- Development of new productslmarkets

50. Semi-maturity phase:

- Clarity of purpose/drive
- Industry Knowledge
- Financial control
- Management/Organisational
- Sales/Marketing
- Global market reach
- Technical
- Selection of Key contributors
- Development of new productslmarkets

51. Mature or Current Phase:

- Clarity of purpose/drive
- Industry Knowledge
- Financial control
- Management/Organisational
- Sales/Marketing
- Global market reach
- Technical
- Selection of Key contributors
- Development of new productslmarkets

Who provided the major assistance/advice to company during:
(please only complete the phases appropriate to your business)

52. Start up phase:

- Key Management
- External Professional
- Family
- Institutional
- Suppliers/Clients
- Other (specify)

53. Semi-maturity phase:

- Key Management
- External Professional
- Family
- Institutional
- Suppliers/Clients
- Other (specify)

54. Mature or Current phase:

- Key Management
- External Professional
- Family
- Institutional
- Suppliers/Clients
- Other (specify)

55. Please circle the number in each line that best reflects the 'importance' you attach to the following vis a vis their contribution to your firm and its success:

	High	Significant	Neither/Nor	Low	No
Accounting firm	1	2	3	4	5
Bank	1	2	3	4	5
Domestic Clients	1	2	3	4	5
International Clients	1	2	3	4	5
Key Managers	1	2	3	4	5
Employees	1	2	3	4	5
Domestic Suppliers	1	2	3	4	5
International Suppliers	1	2	3	4	5
Spouse	1	2	3	4	5
Family	1	2	3	4	5
Mgmt Consultants	1	2	3	4	5
Board (non-family)	1	2	3	4	5
Trade Associations	1	2	3	4	5
Venture Capitalists	1	2	3	4	5
Lawyers	1	2	3	4	5
Private Investors	1	2	3	4	5
Peer Group Associations	1	2	3	4	5
Export Bodies	1	2	3	4	5
Advertising Agency	1	2	3	4	5
Other (Specify)	1	2	3	4	5

At different phases of your corporate growth, in which of the following areas do you believe you made the best decisions:

(please only complete the phases appropriate to your business)

56. Start up phase:

- Financial
- Key Staff
- Human Relations
- Professional support
- **Management/Organisational**
- **Sales/Marketing**
- Global market focus
- Technical
- Suppliers
- Clients
- Other (specify)

57. Semi-maturity:

- Financial
- Key Staff
- Human Relations
- Professional support
- **Management/Organisational**
- **Sales/Marketing**
- Global market focus
- Technical
- Suppliers
- Clients
- Other (specify)

58. Current:

- Financial
- Key Staff
- Human Relations
- Prpfessional support
- Management/Organisational
- Sales/Marketing
- Global market focus
- Technical
- Suppliers
- Clients
- Other (specify)

At different phases of your corporate growth, in which of the following areas do you believe you made the worst decisions:
(please only complete the phases appropriate to your business)

59. Start up phase:

- Financial
- Key Staff
- Human Relations
- Professional support
- Management/Organisational
- Sales/Marketing
- Global market over-extension
- Technical
- Suppliers
- Clients
- Other (specify)

60. Semi-maturity:

- Financial
- Key Staff
- Human Relations
- Professional support
- Management/Organisational
- Sales/Marketing
- Global market over-extension
- Technical
- Suppliers
- Clients
- Other (specify)

61. Current:

- Financial
- Key Staff
- Human Relations
- Professional support
- Management/Organisational
- Sales/Marketing
- Global market over-extension
- Technical
- Suppliers
- Clients
- Other (specify)

Key Change Indicators

(Please only complete phases applicable to your company)

62. How has turnover (Gross Sales) changed from start-up phase to semi-maturity:
    - More
    - Less
    - No change

63. How has turnover changed from semi-maturity to current:
    - More
    - Less
    - No change

64. How has net profit changed from start-up phase to semi-maturity?
    - More
    - Less
    - No change

65. How has net profit changed from semi-maturity to current?
    - More
    - Less
    - No change
    -

66. How has staffing changed from start-up phase to semi-maturity?
    - More
    - Less
    - No change

67. How has staffing changed from semi-maturity to current?
    - More
    - Less
    - No change

68. Approximate Number of direct employees within the company:

    Current
    1 year ago
    2 years ago
    3 years ago
    5 years ago

69. Do you believe the future to be one of?
    - Continued growth
    - Profit maximisation
    - Managed stability
    - Asset realisation

70. What do you foresee as 5-year term profitability for companies in your industry compared to the present:
    - Very High
    - Higher
    - About the same
    - Somewhat lower
    - Very low

Key value indicators

71. What have been most valuable tangible and intangible "assets" to date in order of importance?
(Please number** 1-13 **in order of importance, with 1 being the most important)

- Family support
- Professional/Partner support
- Key Employees
- Access to capital
- Company's products
- Clear Business Plan
- Key Domestic Clients
- Key International Clients
- Key Domestic Suppliers
- Key International Suppliers
- Growth Industry
- Stable Economy
- Access to Global markets

72. What have been your most valuable personal qualities in order of importance?
(Please number 1-12 in order of importance, with 1 being the most important)

- Drive/Ambition
- Management Ability
- Sales/Marketing Ability
- Financial Competency
- Technical ability
- Global market awareness
- Judgement - Rationalisation of opportunities/obstacles
- Intuition/Timing
- Educational/Professional competency
- Industry knowledge
- Ability to learn and capitalise from past mistakes
- Creativity

73. What have been most important **innovation/development** contributors to your company's growth to-date, in order of importance?
(Please number 1-7 in order of importance, with 1 being the most important)

- Ability to create/launch new products in domestic market
- Identificatiodpenetration of new export markets
- Identificatiodpenetration of new domestic markets/channels of distribution
- Ability to increase market share within existing markets
- Ability to capitalise on market trends
- High level of product innovation
- High level of market readiness and fulfillment

74. What approximate percentage of your total gross sales were derived **from export** markets:

- 10 years ago
- 5 years ago
- 3 years ago
- 1 year ago
- current

75. What percentage of your total gross profits were derived from export markets:

- 10 years ago
- 5 years ago

- 3 years ago
- 1 year ago
- current

76. What in one sentence each are the three most important lessons learned by you thus far in your current venture:

1.

2.

3.

77. What in one sentence each are the three most important things you would need to do differently if the venture were starting in today's changed business environment?

1.

2.

3.

78. What in one sentence each do you perceive the three most important requirements to be for the business success of a new venture in your industry?

1.

2.

3.

79. What are the three most important reasons you chose the personal path that you did.

1.

2.

3.

Thank-you

Notes/Comments/Riders to any of the answers:

(Please note to which question number each comment refers)

APPENDIX 2

Summary of Dimensions Assessed during Myers Briggs Type Indicator

Extraversion (E):

Oriented to the external world of people and events and draw energy from this; likely to be sociable and expressive, learn by doing and discussion, and have a breadth of interests.

Introversion (I):

Oriented on the inner world of ideas and experiences and draw energy from this; likely to be private and contained, learn by reflection and mental practice, and have a depth of interest in one or two particular things.

Sensing (S):

Prefer to deal with the practical here-and-now; observant, factual, concrete, notice the details, want information step-by-step (sequential processing).

Intuition (N):

Like to see the Big Picture and the relationships between facts/events; look for patterns and possibilities and new ways of doing things, abstract/theoretical, future-oriented, trust to inspiration, jump around/leap in anywhere (parallel processing).

Thinking (T):

Prefer to make decisions on the basis of logic, objectivity, and analysis; look for an objective standard of truth, orientation to problem-solving, reasonablelfair.

Feeling (F):

Prefer to make decisions based on person-centered values; look for harmony and recognition of individuals, sympathetic, compassionate and supportive of others.

Judging (J):

Prefer to live in a planned, orderly way like to have things settled and decided, tend to stick to a plan or schedule and see things through to completion, systematic, organised, methodical, eliminate ambiguity and uncertainty.

Perceiving (P):

Prefer to live in a flexible, spontaneous way; seek to experience and understand life rather than control it, adaptable, open to change, energized by last-minute pressure, comfortable with ambiguity and uncertainty.

Learning Styles Questionnaire

Activist (A):

Learning by experiencing; open-minded, gregarious, try anything new, act first/ think about the consequences later, jump from one activity to the next, get bored with consolidation/ implementation, tackle problems by brainstorming.

Reflector (R):

Learning by reflection/ observation: cautious, thoughtful, look at all the angles before reaching a decision, low profile, listen to others and get the drift of a discussion before making their own points, tackle problems by collection and analysis of data.

Theorist (T):

Learning by assimilation/ conceptualisation; adapt and integrate observations into theories, interested in basic assumptions, like to fit things into a rational scheme, uncomfortable with the ambiguous, tackle problems by logic.

Pragmatist (P):

Learning by testing/ practice; keen to try out new theories, techniques and ideas, respond to problems and opportunities as a challenge, practical, down to earth, decisive, tackle problems by action/ application.

Leadership Opinion Questionnaire

Consideration (C):

Emphasis on creating opportunities, releasing potential, encouraging growth, providing guidance, "management creates the framework within which people achieve their own goals", "management by control"

Structure (S):
Emphasis on intervention, direction, persuasion, supervision, rewards/punishments; "management consists of getting things done through people", "management by control"

Belbin Self-Assessment Questionnaire

Company Worker (CW)*:
Hard working, practical, disciplined, loyal reliable; will do what needs to be done irrespective of personal preference; may be prone to rigidity.

Chairman (CH)*:
Mature, trusting, confident; good at spotting individual talents and harnessing them to group effort, strong on delegation; may be better at dealing with colleagues of equal or near rank than directing subordinates.

Shaper (SH):
Energetic, strong drive, competitive, assertive, challenging; thrive under pressure; will take the unpopular decisions; action oriented; may be insensitive to others.

Plant (P):
Innovative, unconventional, independent; generate new proposals; solve complex problems; may lack practical constraint.

Resource Investigator (RI):
Outgoing, inquisitive; adept at developing contacts externally and exploring new opportunities; natural negotiators; need to be stimulated by others or may loose enthusiasm.

Monitor Evaluator (ME):
Serious, prudent, high in critical thinking; thinks things through before reaching a decision; seldom wrong; may appear dry and overcritical.

Team Worker (TW):
Supportive, sociable, perceptive, diplomatic, flexible; good listeners; promote morale and harmonious relations; may be indecisive to avoid friction.

Completer Finisher (CF):
Strong on follow through and attention to detail; foster sense of urgency; concern with high standards; may be unwilling to delegate and become overloaded.

* 'Company Worker' and 'Chairman' have been renamed as 'Implementer' and 'Co-ordinator' respectively in the more recent version of Belbin's model.

<u>Gordon's **Survey** of Personal Values</u>

Practical Mindedness (P):
To always get one's money's worth, to take good care of one's property, to do things that will pay off.

Achievement (A):
To work on difficult problems, to have a challenging job to tackle, to set the highest standards of accomplishments for oneself.

Variety (V):
To do things that are new and different, to have a variety of experiences, to travel a great deal, to experience an element of danger.

Decisiveness (D):
To have strong and firm convictions, to make decisions quickly, to come directly to the point, to come to a decision and stick to it.

Orderliness (O):
To have well-organised work habits, to keep things in their proper place, to follow a systematic approach, to work according to a schedule.

Goal Orientation (G):
To have a definite goal toward which to work, to stick to a problem until it is solved, to direct one's efforts towards clear-cut objectives.

Gordon's Survey of Interpersonal Values

Support (S):

Being treated with understanding, receiving encouragement from others, being treated with kindness and consideration.

Conformity (C):

Doing what is socially correct, following regulations closely, doing what is accepted and proper.

Recognition (R):

Being looked up to and admired, being considered important, attracting favourable notice.

Independence (I):

Being free to make one's own decisions, being able to do things in one's own way.

Benevolence (B):

Doing things for other people, sharing with others, being generous.

Leadership (L):

Being in charge of other people, having authority over others.