

ENTREPRENEUR PERSPECTIVES REPORT

TOPIC: ENTREPRENEURSHIP AND INNOVATION

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I. Introduction

Since the economic markets become an intrusive element of the society, the concept of entrepreneurship has taken on a pivotal importance. They are often identified with the creation of new business ventures or self-employed individuals. According to Kuratko (2009), “Entrepreneurship is the most powerful economic forces in today’s business” because they are the one who “recognises opportunities, ready to take risks and responsibility in designing and running a business”. Whether starting a new business, entrepreneurs help create jobs, improve the local economy, and seek innovation to create new solutions to improve life, even if in very small ways.

So what does the entrepreneur have that make them unique? Which characteristics does Steve Jobs, Henry Ford, Sergey Brin and Larry Page have in common? Earlier study by Schumpeter in 1934 concluded that innovation is a “core factor of entrepreneur’s trait”, which means that they can generate “new ideas of products, new markets or better production process, which relates directly to business success”. Steve Jobs revolutionised the way human using phone with the iPhone, change the music industry forever with the iPod and iTunes; Sergey Brin and Larry Page created a simple yet powerful search engine called Google so user can search for anything on the Internet.

To provide an overview of the discipline of entrepreneurship and innovation, which will be highly relevant to the author’s final dissertation topic, this study will be written as a format of research proposal with the attempt to discuss previous literature review of entrepreneurship topic, and further examine a real case study of an entrepreneur to determine his entrepreneurship qualities and behaviour related to innovation. The report will analyse the most widely considered and celebrated example of a successful entrepreneur: Steven Paul “Steve” Jobs. Steve Jobs is the co-founder of Apple Inc, CEO of Pixar, the great mind behind the most revolutionary technology consumer products such as iPhone, iPod, iPad and Mac computer.

The report will have four sections. In the next section, key literature review is carried out, looking at the entrepreneur characteristics and theories of innovation. The next chapter goes on to examine the research methods, which use secondary data sources such as books and online material. In the next section, the report will further elaborate on the Steve Jobs’s business life where he displayed entrepreneurship and innovation qualities, then conduct a thorough assessment of how Steve Jobs entrepreneurship instances reflect the theoretical statements. Finally, the essay will identify the gaps that the research addresses and give recommendation for further research.

II. Literature review

1. Entrepreneurship characteristics

Previous studies found that there is a similar conclusion among the researchers about the characteristics that a typical entrepreneur possess. Reardon et al. (2007), Thompson (2004) and Hian (1996) all share the view that “innovation, the determination for achievement and internal locus of control are among the primary characteristics” that

entrepreneurs have. Furthermore, McClelland (1961) revealed that a successful entrepreneur needs a strong drive to achieve. Another trait that is considered a major characteristic of entrepreneurs is risk-taking, which means that the entrepreneur takes chances with uncertainty. Mill (1948) believed that the ability to take risk and seek opportunities differentiates entrepreneurs with managers. Besides, Ho and Koh (1992) suggested “self-confidence and internal locus of control” are critical because entrepreneurs with “great internal locus of control believe in themselves” and “their achievement are within their control, rather than luck”. Also, Mohanty (2005) listed some other characteristics of entrepreneur such as independence, vision, determination, openness to feedback, responsibility and team building.

However, it was later shown by Mitchelmore et al. (2010) that those characteristics which are observed from the example of successful entrepreneurs could not apply to all entrepreneurs, which mean that there is no single set of traits that people must have in order to become an entrepreneur. This idea is also similar to the argument of Reardon et al. (2007) that “personality traits are imperfect indicators of entrepreneurship”. Fayolle (2007) asserted that these above characters could be used to identify entrepreneurs better and people can learn and practice the characteristics. However, it does not guarantee the success for them because educating is possible but telling that whether they can turn their vision into action is difficult. Given these drawbacks of the past studies, a rather new and more comprehensive approach – the competency theory – has received increasing attention from scholars. In 1995, Bird defines entrepreneurial competencies as “underlying characteristics such as specific knowledge, motives, traits, self-images, social roles and skills which result in venture birth, survival and/or growth”, which could be divided into three categories: “skills/ abilities, knowledge/ experience and attitudes/traits”. So far, both approaches share a consensus when they highlighted that the characteristics/ traits of the entrepreneurs are learnable and are “substantial elements of the venture growth and success” (Mitchelmore et al., 2010, Thompson, 2004).

Secondly, numerous studies have attempted to explain the necessity of business plan for entrepreneur. According to Kuratko (2009, p.316), a business plan is a document depicting the proposed venture exhaustively” and is the “road map for a successful enterprise”. The finding is consistent with findings of past study by Hormozi et al. (2002), which asserting that the business plan not only serves to structure the business venture’s goals and missions but also enable the entrepreneur think forward about the business vision and hence, provide them with a rich and detailed picture of the future business’s operation. Besides, a critical function of a business plan is to obtain capital since it is “the primary tool for potential investors” to assess the profitability of a business when they consider making their investment (Hormozi et al., 2002). Furthermore, there has been evident that there is a correlation between the presence business plan and the growth or success of a business” (Oser et al. 2000, see Hormozi et al., 2002).

2. Innovation

There has been a numerous understanding about the definition of innovation. According to Trott (2008), innovation is the “management of all the activities involved in the process of idea generation, technology development, manufacturing and marketing of a new (or improved) product or manufacturing process or equipment”. Whereas, Schumpeter (see Sledzik, 2013) defined innovation as "a process of industrial mutation, that incessantly revolutionises the economic structure from within, incessantly destroying the old one, incessantly creating a new one". In contrast, Greenhalgh (2010) considered innovation is not about creating something completely new, but the act of introducing new product or service to the market. This is supported by Smith (2006) research which reveal that “Innovation is about bringing inventions out of the workshop or the laboratory and getting them ready for the market. In this sense, it is applying inventions to business, so that they can be bought and sold. Only when something new is available to consumers in a market or is being produced in a new way, has innovation occurred”. Tidd and Bessant (2013) described innovation as a process of transforming opportunity into new ideas and bringing these into practice. Furthermore, Rogers (2003) supposed innovation as a new idea, practice, or object that is aware by a person or other unit of acceptance. In summary, innovation can be described as a combination of creativity and successful implementation.

2.1. Theoretical Framework of Innovation

Several studies have different method of dividing the types of innovation. In 2006, Smith lists “four types of innovation: incremental, modular, architectural and radical”. The approach to innovation by Smith (2006) is considered as a practical approach for entrepreneur to managing the innovation within a rapidly new and incremental organisation structure collectively. The essay will use this framework to analyse the case study of Steve Jobs in the next chapter

Core concepts

		Reinforced	Overtured
Linkages between core concepts and components	Unchanged	Incremental innovation: improved components and designs within the overall system but the architecture/configuration is stable.	Modular innovation: new components and designs within the overall system but the architecture/configuration is stable.
	Changed	Architectural innovation: unchanged components and designs within the overall system but the architecture/configuration is new.	Radical innovation: new components and designs within the overall system and new architecture/configuration.

Figure 1: A framework for defining innovation (Adapted from Smith, 2006)

Whereas, Kuratko (2009) distinguished innovation into four types based on the different characteristic of each, which are: “synthesis, duplication, extension and invention”. Invention is to create totally new product or service, extension is the improvement or novel use of an existing product, duplication is the adaptation and reproduction of existing concept and synthesis is the new formulation by combining existing concepts together. Also, Smith (2006) differentiated innovation by three primary forms, which including products, services and processes. This argument is further supported by Mumford (2012), who differentiated innovation by various forms as incremental versus radical innovations, and product versus process innovations. Incremental innovation illustrates improvements in existing products/services and processes, while radical innovation demonstrates new products/services and processes. Product/service innovation refers to new products/services to be created while process innovation relates to new ways of business development and management.

2.2. Innovation strategy

According to Dodgson, Gann and Salter (2008), innovation strategy is prominent for entrepreneur because it is closely associated with the ability of the organisation to create value. A successful innovation strategy instructs entrepreneur decisions on how organisation resources are to be distributed to fit the vision and objectives for innovation of the entrepreneur and by that bring about the value and create a competitive advantage for their company. A simple model of innovation strategy includes four interrelated factors as “innovation strategy, resources for innovation, innovation capabilities and innovation processes”.



Figure 2: Model of innovation strategy (Adapted from Dodgson, Gann and Salter (2008))

An innovation strategy determines the technologies and markets the entrepreneur should focus on and achieve to deliver and catch value. The innovation is carried out within the

restraints of resources available to the entrepreneur and supported by a variety of creative abilities that guide the configuration and reconfiguration of the organisation's resources. Finally, it oversees which types of the innovation process are most suitable for the organisation.

Smith (2006) gave a definition to innovation strategy as “a strategy for innovation implementation, which surrounds main issues as who does the innovation and when the change takes place”. First mover and follower/ imitator are the most distinct and recognisable innovation strategies. The first-mover strategy is about being the first to introduce new products/services to the market. The follower/ imitator strategy is about taking a ‘wait-and-see’ approach.

2.3. How entrepreneur can motivate innovation within organisation

Innovation is crucial for entrepreneur however to build an innovation-focus and risk-taking culture within the company to motivate employees to innovate is not an easy job. Manso (2017) presented a comprehensive review of the motivation toward innovation. His analysis revealed that offering monetary rewards will not be appropriate for “open-ended, creative tasks that required innovative solutions”. Instead, he proposed four methods for entrepreneur to boost up innovation within their organisation:

- **Termination:** The threat of firing might motivate employees and get the best possible result from business practice. However, it might encourage them to take a safe action rather than innovate.
- **Commitment to long term contracts:** Long term contracts allow employees to have enough time to develop ideas, adjust and improve their work thus improve innovation
- **Explicit contracts and corporate culture:** A culture that fosters experimentation, rewards innovation and give employees time and freedom to develop new ideas is essential
- **Feedback:** Regular feedback is vital. The purpose is to give information that guides adjustments and improves the performance

To sum up, entrepreneurs should create a culture that tolerates early failure, encouraging experimentation and risk-taking, and reward long term performance as incentives for employees to innovate.

III. Research method

The main methods used in the analysis is the study of Steve Jobs is through secondary data analysis. His background information is collected via internet articles, magazines and books. Since this was a small-scale project aimed at gaining an insight into the dissertation's topic of interest, a secondary data collection was appropriate. This method has a lot of advantages as it provides a variety of information as well as saving time and money for getting information. According to Churchill and Iacobucci, 2005, p.169, “A good marketing research study should always start with secondary data”. Prior to collecting primary data for the dissertation, it is essential that one commences their

research by analysing the work of others, learning case study which then informs the theoretical framework of the research. Online resources such as University online library, Google Scholar, Mintel and books about Steve Jobs were helpful as they provided historical knowledge of entrepreneurship and the stories behind Steve Jobs.

Finally, this report takes an ideographic methodological position, believing that the social phenomena (entrepreneurship) is best understood by learning directly with the research subject, their background, experiences and life history (Morgan and Burrell, 1979). Having developed a model of analysis in the literature review above, the next part of the essay seeks to examine the social phenomenon of “entrepreneurship” by putting it in a broader social context. A case study allows the paper to seek the answer of “why” and “how” about entrepreneurship, through studying a role model entrepreneur candidate in-depth, and study a range of information about the entrepreneur, his decisions, fundamental factors for his important actions and events.

IV. Finding and Analysis

1. Brief introduction of Steve Jobs

Steven Paul “Steve” Jobs found Apple Inc with Steve Wozniak in 1976. Wozniak, an electronics genius, had built his personal computer but had little interest in selling it. Jobs “persuaded him to market the product, and together they started Apple Computer Inc” (Kahney, 2008). Having resigned from Apple in 1985 after a failed commercial product, Jobs founded and work at NeXT Computers and later Pixar Animation Studios from 1985 to 1996. Then in 1997, Jobs returned to Apple as CEO and has retained the position until 2011.

1. Entrepreneur characteristics

First, it is essential to note that Steve Jobs have great passion for his jobs. He is “highly passionate about his work so much so that he is known micromanage the smallest of detail” (Kahney, 2008). His insistence on making products customer-friendly results in an endless pursuit of excellence. Kahney, 2008 quoted Jobs’s colleagues, who described him as a “control freak, a stickler for detail and possesses a no-compromise ethos”. During the development of the iPod music player, Jobs “stayed close to the project all the way, his flawless taste in design shining through in his rigorous-as-ever demands for the highest standards” (Young and Simon, 2006:278). According to Kahney (2008), Steve Jobs believes that creating easy-to-use technology was his ultimate goal when designing the product. In 1979, when he toured the Xerox Palo Alto Research Center, he was impressed by its graphical user interface (GUI) and later remarked that this would be the standard for computer navigation. He then communicated this idea passionately to his subordinate working on the Macintosh computer, and even convincing them that they were doing “nothing less than God’s work” and are “privileged to be designing such a groundbreaking product.” (Kahney, 2018, p.153). His passionate toward everything he does is the key factors to inspire and motivate his team.

“What I’m best at doing is finding a group of talented people and making things with them. And if there’s no place for me to make things there, then I’ll do what I did twice before. I’ll make my own place.”

— Steve Jobs (see Young and Simon, 2005: 123)

In addition, similar to the argument of Hian (1996) and Thompson (2004), the co-founder of Apple demonstrates risk-taking behaviours. In 1990 before Pixar became a success, Steve Jobs invested \$60 million of his own money into the company without hesitation (Kahney, 2008:8). This can be viewed as an act involving significant personal risk or loss. Later, the company has made successful animation project for instances Toy Story and was sold to Disney in 2006 at a valuation of \$7.4 billion.

Finally, an important entrepreneur trait that Steve Jobs possess is the ability to learn from failures. In 1985, Steve Jobs was dismissed from Apple because the Macintosh computer did perform well commercially. The product received good review initially however the consumer was not interested in buying it. He was fired from the company that he built. However he refused to give up from building better technology to the world. He then started his own company called NeXT Computer, which exclusively focus on making computer for the education market (Deutschman, 2000). His continuously determination on innovation has made the new venture successful, whereas Apple was in crisis. In 1997, Apple Inc suffered a loss of \$69 million and dismissed 1,300 staff in the first quarter of 1996 (Kahney, 2008:17). The board lost the confidence and decided to buy NeXT computer for \$400 million (Deutschman, 2000), as a reason to appointed Steve Jobs as the CEO of Apple. In 1997, Jobs agreed to return to Apple and turned the company’s fortunes by introducing several changes, mainly focusing on making less product but better quality (Kahney, 2008). His vision for Apple is very simple: Apple was going to make four excellent products: one personal computer, one consumer portable, one professional desktop, and one professional portable (Kahney, 2008). Under Jobs’s guidance, Apple then got increased sales and made \$45 million profit in the last quarter of 1997 (Moisescot, 2010). Jobs’s vision and sharp decision-making skills saved Apple from bankruptcy and set up the foundation for its future successes.

Long after their personalities are forgotten, the future generation will remember how he applied his innovation to revolute technology and business on the planet.

2. Innovation

Steve Jobs is characterised by his innovativeness. The research process suggests that Apple products are based on the type of innovation called incremental innovation, which means that he improved the current components and designs within the overall system, but the configuration is the same. For example, the iPhone is not the first phone with touchscreen, but Steve Jobs and his team redesign the phone to have a user-friendly interface for finger touch screen, a bigger screen for touch. Likewise, the iPod is not the first music player, but Apple makes it more intuitive and user-friendly, with upgrade memory storage and the introduction of iTunes has revolutionised the music industry. Moreover, Steve Jobs also based his innovation on synthesis type. According to Kuratko

(2009), synthesis means finding a new use for existing concepts and products. With the introduction of MacBook Air in 2009, Steve Jobs has created a new standard of laptop and challenge the laptop making industry. While most of the laptop at that time is heavy and thick, low battery usage Apple MacBook Air laptop is thin and light, with the battery usage up to 10 hours. Up until now many Windows laptops are becoming thinner and lighter, but Macbook Air is still a golden standard for ultra-mobility laptop. Steve Jobs also based his innovation on synthesis type. According to Kuratko (2009), synthesis means finding a new use for existing concepts and products.

Steve Job's return to Apple in 1998 opens a new era of success for Apple. It began in 1998 with the introduction of the 'iMac' — an All-In-One (AIO) computer that combine the screen and the central processing unit (CPU) into a single system. The first iMac was a breakthrough product for Apple and consumer loved it. Later, Jobs followed up the success of the iMac with a range of increasingly functional and beautifully designed products, including the iPod music player in 2001; iTunes software in 2001; the Mac OS X operating system for Mac computer in 2002; the iTunes Store that distributed music digitally in 2003; the iPhone in 2007; the Appstore in 2008 and iPad in 2010. In addition, Apple launch the company retail stores and experience called Apple Store in 2006 with the range of customer services.

		Core concepts	
		Reinforced	Overtured
Linkages between core	Unchanged	Incremental innovation: iPod	Modular innovation: iPhone
	Changed	Architectural innovation: Appstore	Radical innovation: iPad

Figure 3: Example of Apple product as adapted to the framework of innovation

Steve Jobs has built Apple's organisational culture as highly driven by innovation and making use of organisational learning collectively. The company slogan "Think different" represent the continuous process and deeply rooted within the ideology of the entire Apple Incorporation. As a result, the company is better able to weather with rapid changes and handle the various uncertainties within its structure and the technology market. During his last 14 years in Apple, Steve Jobs has built a company that reliant upon continuous innovations and quality improvements within its products and services.

V. Conclusion

The purpose of the current paper was to assess diverse views of entrepreneur characteristics, specifically on the innovation aspect of the successful entrepreneur. The evidence from this study suggests that there is no certain set of characteristics or traits that a person needs to possess in order to become an entrepreneur. Those traits and

characteristics are available for everyone, within the scope of all jobs, and can be learnt and built up through training and development of personal potential, work experience, decision making and even failure.

This paper has taken up the case study of Steve Jobs which is one of the greatest entrepreneurs of all time. Described by some as the “Father of the Digital Revolution”, Steve Jobs had explored a path of innovative and entrepreneurial success for over three decades before his death in 2011. What is the most remarkable thing is the innovation effect on his company Apple even without his physical presence to guide it. Since Steve Jobs passed away in 2011, Apple remains the most innovative company in the world with different range of successful product for instance the Apple Watch and AirPods. Therefore, further investigation and experimentation into innovative entrepreneur is strongly recommended. A number of possible future studies using the same experimental set up are apparent. It would be interesting to assess the effects of the innovation trait that the entrepreneur can leave to the company even though they were not there. In addition, further research with qualitative method, interview with real entrepreneur would be appropriate for the dissertation

There has been some gap in this study as well. It is fairly a unique case as this study is only focus on the technology industry. It should be noted that there is minimal scope for entrepreneur in other environment for example the serial entrepreneur or social entrepreneur. Besides, Steve Jobs qualities does not represent all qualities of an entrepreneur.

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