

Entrepreneurship (LCMB7004) Assignment 1

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1. Abstract

"We hold that entrepreneurship is a complex phenomenon that requires multiple theoretical lenses to be understood" (Landstrom and M Benner, 2010,p.20). The aim of this research is to analyse the concept of entrepreneurship and evaluate the influence of different factors on entrepreneurial motivation.

2. Historical perspective and definition

According to Cambridge dictionary (dictionary.cambridge.org, n.d.) entrepreneurship is a: "skill in starting new business, especially when it involves seeing new opportunities". As described in (Landstrom and M Benner, 2010) entrepreneurship as an independent field of study has been researched since early 1850s. Through the years it has been analysed from different perspectives. Originally it has been studied as a part of economic sciences (1870-1940). Through (1940-70) entrepreneurship has been analysed from social perspective, much research has been dedicated into study how the concept is shaped by human behaviour, interaction and belonging to different groups. Finally in 1970 entrepreneurship has been analysed in connects of business studies and evolved to an area of research in its own rights. According to (Freedman, 2019) a contemporary definition of entrepreneur describes a person that is able to identify the need for a business that has not been previously addressed and determines a solution for it.

3. Analyses of entrepreneurial motivation

According to (Lloyd, 2018) there are different reasons that motivate people into becoming entrepreneurs. Additionally, (Lloyd, 2018) argues that motivators can be classified by different factors that influence ones behaviour; these factors according to (Lloyd, 2018) can be either internal or external. The same author brings up a concept of Maslow's hierarchy of needs and suggests that most entrepreneurs is highly motivated by the need of self-actualization and esteem however according to (Lloyd, 2018) this concept cannot be fully developed in addition to entrepreneurship as it does not consider external factors that influence entrepreneurial motivation. This concept is supported in (Javalgi, 2018) who indicates that different cultures and economic situation of an entrepreneur impacts their decision about perusing a business venture. In addition while in most of developed countries a need for self-actualisation might be the highest motivator in less developed economies basic physiological and safety needs might be main motivators for perusing a business venture. In addition (Lloyd, 2018) brings up a concept of extrinsic rewards such as financial gain and intrinsic rewards such as personal development and argues that depending on personal, cultural and economic circumstances those factors might have different impact on one's motivation. Similarly (Javalgi, 2018) argues that motivational factors can be classified into push and pull factors and where in one society the entrepreneurial activity is motivated by push factors concerned with increased income in other a pull factor of self-actualisation might play a more important role.

4. Personal characteristics of an entrepreneur

As described (Freedman, 2019) in recent years many success stories and pursuit of financial independence has begun to attract more and more people to the concept of starting their own business and becoming entrepreneurs. As described by the same author, famous names such as Steve Jobs who started to work on Apple project in his garage and gradually grew his business to the size of global empire are living proofs that you don't need a substantial amount of tangible resources in order to start as an entrepreneur. This however draws a question what does it takes to be a successful entrepreneur? As mentioned in (Marsdd.com, 2014) article: "Is entrepreneurship a skill that can be thought? "; can it be learn by doing or a perhaps there is a set of unique characteristics that define a successful entrepreneur? (Bolton, 2013) in chapter one discusses further the influence of "born or made" debate and sets out certain characteristics that are common among many entrepreneurs. In the same chapter (Bolton, 2013) refers to words of Bo Peabody a founder of an Internet Business Tripod who claims that entrepreneurship is something that is within him and that he would not be able to stop even if he tried to. In addition (Bolton, 2013) argues that many sees entrepreneurs that people who are able to find a solution to every problem through innovation; regardless of the environment and available resources. Furthermore according to (Bolton, 2013) many believes that the lack of resources is creating an opportunity for someone with true entrepreneurial mind-set. In the same chapter (Bolton, 2013) refers to study of Hornaday (1982) who set out the list of forty-two characteristics that define entrepreneurs.; this include factors such as: determination, ability to take risks, creativity, drive, independence, a need to achieve, clear vision, planning abilities as well as networking skills. Similar view is shared by (Freedman, 2019) who states that each person's motivation is different however all entrepreneurs are triggered by similar factors such as: a need for autonomy and being their own bosses; purpose and a clear vision of what they want to achieve; a need for flexibility and better work –life balance as well as creation of financial success and legacy. According to (Freedman, 2019) a successful entrepreneur needs to establish which one of the above characteristics is a "driving force" in their venture. Another interesting concept on entrepreneurial motivation is brought by (Sashi Chimala, 2015); author suggests that entrepreneurs should not be discouraged by contemporary images of technically skilled professionals who are associated with innovation. (Sashi Chimala, 2015) brings an example of Richard Branson who started with creation of small ventures like selling Christmas trees or music records via mail orders before starting Virgin company that grew up to a size of global empire. (Sashi Chimala, 2015) also argues that in order to establish a successful business concept entrepreneurial activity should not be motivated purely by financial gain but rather by a need to make a positive change in society.

5. External environment impact on entrepreneurial motivation

(Gaskell, 2017) in its article based on the scientific study argues that entrepreneurship is definitely something that can be learned and place the importance on students ability to think about innovation. Similar view is shared by (Anton, 2014) who presents a number of top selling books about the entrepreneurship. Additionally bestsellers such as: "The psychology of selling" by Brian Tracy or "Rich dad poor dad" by Robert T Kiyosaki are according to (Anton, 2014) an important tools that can teach people the art of entrepreneurship and

provide expertise knowledge about building a business and becoming the best in a specific industry. Nevertheless as discussed in (Clydesdale, 2010, p .10) an important factor that influence entrepreneurial activity is the industry and external environment. As stated by the same author 1920s has been a great era for entrepreneurs that created many famous businessmen like Henry Ford or Rockefeller similarly to late twentieth century that created individuals such as Steve Jobs or Bill Gates. However, as reported by (Clydesdale, 2010) the period in between has not been so popular for entrepreneurial activity in United States. Based on the above considerations (Clydesdale, 2010) brings up the important correlation between socio economic environment and entrepreneurial activity. According to (Clydesdale, 2010) the external environment is opening up shifts in the market; niches that create opportunities for the business to exploit. According to the same author the best suited businesses to that new external environment are those who will be the most successful. In the same chapter (Clydesdale, 2010) brings up the importance of supply and demand factors that influence entrepreneurial activity. Additionally although the concept of the business in entrepreneurial mind is highly important it is dependent on market demand and the ability to fill this demand. (Clydesdale, 2010) brings an example of the oil industry and explains that the oil companies are not able to influence our decision on the amount of gas that we are going to need, this is determined by market forces and demographic change that occur over time and it's out of individuals' control.

The importance on external environment on entrepreneurial activity is also discussed by (Bolton, 2013) who presents two different views on this issue, in chapter two author refers to G.B Shaw who states:

“There are two types of people in the world – reasonable and unreasonable. A reasonable man adapts himself to the world; the unreasonable man persists in trying to adapt the world to himself”. (George Bernard Shaw,p.99)

As described in (Bolton, 2013) this quotation represent two schools of thoughts. First supported by Schumpeter (1949), who as explained in (Bolton, 2013) believes that entrepreneurship disturbs the external business market stability with innovation. Second thought as described in (Bolton, 2013) so-called Austrian School of Economics supported by (Kirzner,1973) believes that entrepreneurship is concerned with creating market stability by strategic use of new concepts and technologies and its positioning in the market. This second thought links to (Bolton, 2013) idea about different approach to entrepreneurial strategy. According to (Bolton, 2013, p.92) in order to find an opportunity entrepreneurial strategy should be:

Market driven- approach -implies that the search for innovation and new products should be looked for in external markets that influence the specific industry.

Resource-based-approach that builds competencies and capabilities of the business based on new ways of using the available resources that add value to the business, such as for example: use of new technology.

Competitor-influenced- business activity should focus on being different from its competitors. This according to (Bolton, 2013) hardly ever comes from imitating or copying the rivals or by focus on improving existing models. According to (Bolton, 2013) although this model is often

seeing as successful it is usually a short time solution and a successful entrepreneur should be looking instead for completely new ideas on the market.

Another interesting these brought by (Bolton, 2013, p.41) is that environment has also influenced many entrepreneurs in relation to work experience and industry knowledge. The same author relates to a research founding that many successful entrepreneurs have developed their business based on the knowledge gain during work experience in a specific field. Similar view is supported by (Corbett, 2018) who in his recent article supports the these that intropreneurs who originally worked in a large organisations have actually developed their own successful business through introducing innovation in a specific field. (Corbett, 2018) refers to examples of famous products like: post-it note, Sony PlayStation or Facebook's "like" button, which were all created by intropreneurs. Furthermore (Bolton, 2013) suggests that other environmental factors such as education, age and family background might have a significant impact on entrepreneurial behaviour. According to (Bolton, 2013) in most cases entrepreneurs are starting in a young age and many of them comes from a family with the previous background of entrepreneurial activity. Similar view is also shared by (Dana, 2004) in chapter three who brings up the concept of Synergy Model in his attempt to measure complexity and dynamics of entrepreneurship. (Dana, 2004) finds that one's ability to develop entrepreneurial activity can be analysed trough model that measure the relation of all external influences and individual characteristics. Furthermore the same author in chapter four brings up a concept of constrains and states that there has been a proved pattern between occurrences and their likelihood. Additionally, the patterns that occurred in the past are more likely to occur in the future, for example a person that already has knowledge about the entrepreneurial activity gained trough family business or previous work experience is more likely to develop a new concept in the same field. However, as described in (Templeman, 2015) famous entrepreneurs stories like for example Harry Potters author J.K Rowling or KFC founder Colonel Saunders prove that factors like demographics or family background might have a very little influence on the actual success and that determination and passion are far more important in the process. In fact as described in (Knowstartup.com, 2016) interview; author JK Rowling believes that her biggest strength at the starting point of her career was actually the fact that she had nothing to lose.

6. Conclusion:

In summary this research analyse the entrepreneurship as a concept and established the main factors that influence entrepreneurial thinking both personal characteristics as well as outside socio-economic and cultural factors. Based on the evidence all factors have a significant role on entrepreneurs and their behaviour. The above research proofs that personal characteristics of each individual and the ability to spot the business opportunity are very important aspects that influence entrepreneurial motivation. However the external environment, its development and fluctuations are main forces that create entrepreneurship and business opportunities and those factors are equally important in the process. Perhaps the above considerations can be best concluded by (Clydesdale, 2010,p.12) who states:

" Entrepreneurs are like drops of water; they get carried along in waves, and in so doing they contribute to the force of that wave. So do entrepreneurs ride or make the waves? The answer is they do both." (Clydesdale, 2010,p.12)

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