ON SOME OF THE MISCONCEPTIONS ABOUT ENTREPRENEURSHIP

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ABSTRACT. Entrepreneurship has been played up by the media as a visionary and heroic activity. Individual entrepreneurs have been glorified through media coverage, biographies, and publicity contributing to many government and public misconceptions entrepreneurship. This paper examines some of the myths about entrepreneurship, looking at relevant research and statistics, and paints a very different picture to general public perceptions. The paper then goes on to postulate that entrepreneurship is only part of the firm lifecycle, very little innovation is generated by start-up ventures, there is no common entrepreneurial type of person, people start new businesses for non-rational reasons, very few entrepreneurs actually have high growth ambitions, new firms generally don’t survive long, there are no success formulas, entrepreneurs are actually risk averse, successful products don’t make successful businesses, new product development rather than invention is needed, and that entrepreneurship doesn’t really contribute to economic growth. Before concluding, this paper briefly discusses entrepreneurial education, particularly that in the developing countries of ASEAN.

JEL Classification:

Keywords: economic development, entrepreneurship, enterprise lifecycle, entrepreneurship education, firm survival, growth, innovation, invention, personality traits, risk

1. Introduction

Entrepreneurship has been glorified by media stories, biographies of successful entrepreneurs, and events like ‘entrepreneurship week’, ‘business plan competitions’, and ‘entrepreneurship awards’. Business schools have developed inspiring spiels about becoming an entrepreneur and many governments have made entrepreneurship the centerpiece of regional development policy. But the truth of the matter is very different.
Entrepreneurship is more a narrative about survival and subsistence, than growth and glory. Entrepreneurship has been turned into a myth that is not supported by research. What entrepreneurship really is does not match our general perceptions about the phenomenon. Many realities in the area don’t support the image portrayed in the media, by business schools, and generally accepted notions in society.

This paper highlights some of the realities of entrepreneurship that may surprise many, be counterintuitive to what is generally believed, and debunk some of the glorified misconceptions on the subject. The issues covered in this paper provide a different reflection upon entrepreneurship that should be taken account of in policy making, education, and seen as a cautionary note about the general realities of enterprise start-ups.

2. Entrepreneurship Is Just a Stage in the Enterprise Lifecycle

Most new businesses commence with someone seeing an opportunity and developing the resulting idea into a visualized product, service, or event in the future. This is the result of perception, an interpretation, combining perceptions and interpretations with prior knowledge into an idea, and the development of the motivation to take action upon that idea. In most cases the idea does not exactly fit the metaphorical dimensions of the opportunity and the manifested products, strategies, resources, capabilities, and organization must be manipulated until there is a tight fit. These actions when yielding positive results create a new source of value which the enterprise is able to benefit from. This dynamic construct can be seen as the product of an entrepreneurial mindset, and the resulting actions as entrepreneurial behavior.

The eventual match between the enterprise and the opportunity will lead the firm on a growth trajectory. As the enterprise develops from a haphazard string of activities to a much more formalized organization, strategy will begin to become formalized into procedure and the founder will begin the process of managing it. The focus will turn from opportunity to operations. Founders become absorbed with accounting, manufacturing, customer service, sales, and forget to develop the business. The very people who brought success to the enterprise become involved in every crisis that comes along. Thus the start-up stage transcends into the growth stage where organizational development entails greater bureaucracy with added procedures that bring rigidity to the firm.

In the early life of the enterprise conventional rules of management and strategy are ignored in a scramble to develop a product or service and get it quickly to the marketplace to generate enough sales to survive. This is very haphazard where best practices and production efficiencies are
almost irrelevant in the mind of any founder, particularly an SME. Strategy to date has been intuitively based upon a vision that keeps the founder and the enterprise moving forward. This is where creativity and innovation is at the maximum.

As the enterprise grows research and new product development becomes more of a formal process based upon the products and themes that gave the firm initial success. Consequently the new product development process itself becomes a ‘built in’ rigidity that locks the enterprise into its current trajectory. The enterprise will tend to cease looking for new opportunities, choosing to focus on extending, modifying, renewing, and diversifying what it already has. Once a firm starts looking back upon its past successes and becomes guided in its future actions by the past, the firm losses its ability to act entrepreneurially. In the way the new product development process actually inhibits innovation keeping firms on past trajectories.

A leader after a period of time often becomes tired and complacent. This is very common in founder/entrepreneurs who have led a company from initial start-up and corporate leaders who have been in their position for a long period of time. The phenomena of complacency can be seen as a major reason contributing to the changeover of governments at elections within some democratic systems. After some time, governments become perceived as being out of new ideas, tired, complacent and arrogant, where they are voted out of office.

Complacency is a characteristic that gradually sets into a person who becomes very comfortable, gets bored, and is tired of the same issues and problems each day. Past success tends to bring high self confidence in people, where they are satisfied with their success and wish to ‘rest on their laurels’. Sometimes this over confidence brings arrogance. Leaders believe that they know all there is to know about the market and cease to scan the environment for new threats and opportunities. Within this scenario, motivation will slowly decline and new ideas, self discipline, general focus and concentration will wane. The leader’s complacency will eventually spread to the rest of the organization where subordinates also lose interest, their sense of creativity, motivation and passing of information around the organization. This affects general productivity, customer service, supplier and other stakeholder relationships.

Complacent people never see themselves as complacent as they are proud of their past success, believe that they are invincible and that life will go on as it is. In an organizational context, the meaning of its very existence and the qualities which gave it the original success start eroding. The company will begin falling behind its competitors without company members really realizing it. The ambition to do new things lessens,
opportunities and threats start being ignored, and a bias for action becomes a bias for complacency – the opposite quality to what made it once successful. Complacency is a state of mind and becomes a screen hiding the environment. The founder/manager becomes personally scared of the consequences of any change that involves taking risks again.

Judith M. Bardwick argued that complacency has seeped into Western corporations through the loss of traditional work ethics. The work culture that has evolved since the 1950s has developed a number of informal ways in which people avoid taking risks. Organizations have developed bureaucracies, hierarchies, rules and procedures which make people comfortable, where good, bad, and no performance are all treated the same. People are encouraged to do ‘pseudowork’ to look good, following rules rather than achieving goals. People look at their leaders for direction rather than building strategy upon the environmental situation.

Complacency is based on fear and anxiety about being helpless and having no control over what is happening. People seek power over others to protect their own existence through controlling their immediate internal environment. This leads to ignoring the outside environment where strategy becomes very passive due to denial of change and the wish to cling to the present. People use up all their psychic energies to cope with the anxiety and fear of feeling helpless. This brings on narcissism, paranoia, rigidity, cynicism and politics where people become too burned-out to deal with the external environment.

John Kotter elaborated on the concept of pseudowork and described a phenomenon opposite to complacency called ‘false urgency’. False urgency is a situation where the organization is busy undertaking tasks for things that are not important to its progress or survival. False urgency takes up a lot of energy for what many see as causeless activities. Employees become angry, anxious, frustrated and tired. Similarly, leaders who continually drive their staff to higher and higher levels of activity, drain their energy until fatigue sets in. Both these situations takeaway focus from the environment where potential threats and opportunities that may emerge are not seen, and if seen, ignored.

Complacency can be widely seen in many government departments, where there are no alternative services available to the client. Complacency was tackled through benchmarking and customer quality programs in the 1980s. Complacency can also be seen in industries that are highly regulated and/or a near monopolistic or oligopolistic situation exists. Examples include telephone services, which held monopolies before deregulation and the advent of mobile services, the post office, before the advent of couriers, facsimile and email and airlines and public transport before deregulation and privatization was implemented.
One of the symptoms of complacency is blindness to changes in the outside environment and a tendency to believe ‘that the future will just be like the past’. This was at great cost to the US auto-industry in the 1980s. The large number of firms dropping off the ‘500 lists’ each year is testimony that this is a common problem within corporations.\footnote{12}

If a firm remains blind to the environment, failing to notice diminishing and emerging opportunities, it will slowly decline until it is no longer sustainable. This clinging to the desire of permanence leads to ignorance of the realities within the environment, leaving the organization susceptible to competition from other organizations, and emerging technologies. This can be clearly seen in the bankruptcy of Bethlehem Steel Corporation that failed to deal with internal employee superannuation issues and the advance of overseas competition, new technologies, and business models in the industry that were more cost effective. However if a firm through some form of shock or catastrophe comes to the realization of crisis, it may have the chance to act, \textit{i.e., this metaphorical mid-life crisis may bring on a second entrepreneurial period to the firm}. The second entrepreneurial period may allow the firm to undergo regeneration where it becomes relevant to the environment again. However this in reality is an exception to the rule.\footnote{13} The highly desirable strategies of today may be losing strategies of tomorrow just as Fletcher Jones, Blockbuster Video, and Bethlehem Steel encountered, leading to their demise.

Although new product development is one of the most important strategies for sustainability of a company,\footnote{14} too many companies turn away from innovation and cut costs and expenses as a reaction to declining performance, without looking into the root causes, which may be product life-cycle based or competitive based, which require an entrepreneurial solution. Usually a panic response further stifling innovation of the company. The ability to become entrepreneurial once again is a difficult alternative, as under pressure, the following problems arise:

- Finding the right opportunities and appropriate innovation necessary to develop them,
- Reducing development times without reducing quality and innovation,
- Building and maintaining brand equity through a strong product,
- Integrating market, design engineering and production processes to produce, and products that are considered useful and desirable by consumers.

The above is the trap for enterprises that don’t see entrepreneurial management as a continuous process, even if it is an implicit and background process, within the company and the minds of those who
manage it. The entrepreneur, especially after start up and turning into an SME can be trapped by the scenario above, lending support to Drucker’s postulation that entrepreneurship is only a stage in the development of a firm and the entrepreneurial state can be grown out of. This is compounded by the small firm’s lack of resources, time, technology and expertise to research new ideas and innovations to develop the business.

Figure 1. The Enterprise Lifecycle

The possibility that entrepreneurship is only a stage in the lifecycle of a firm has many implications for education discussed later in this paper and innovation, discussed in the next section.

3. There Is Little Innovation Involved in Start-up Firms around the World

There are a multitude of media pieces and books on ‘high tech’ entrepreneurship giving the impression that the majority of entrepreneurial start-ups are of a technology nature. In fact Global Entrepreneurship Monitor’s (GEM) own data shows that most start ups occur within the service and retail industries. In addition the vast majority of start-ups in 54 surveyed countries were of a non-innovative nature. Other studies show that almost half of new businesses within the United States are home based and less than 5% graduate beyond this level after a five year period. In Australia the home business rate is almost 70% of all businesses. The reality is that most new businesses formed employ existing technology available and create no new technologies at all. Although so much entrepreneurship literature focuses on high tech start-
ups, these types of firms are only a very small percentage of new firm start-ups.

To understand what types of opportunities people exploit one must look at how people find opportunities. It appears that very few people actually formally scan the environment for opportunities. If people did, they would not start-up in industries with high competition and low profit margins, like the majority do.\textsuperscript{21} An opportunity, or more specifically and an idea to exploit what is seen as an opportunity evolves within a framework of time, place, prior knowledge, motivation, and the necessary creativity to connect everything together. The subjective nature of opportunity makes it impossible to separate the concept from an individual. Therefore opportunity has a deep basis within one’s personal prior knowledge, experience, personal aspirations, imagination, and fear of uncertainty. Consequently most new ideas have a basis in some old idea, something seen or experienced in the past.\textsuperscript{22}

Most people see an idea somewhere and duplicate it somewhere else, with or without modification. The average start-up is something mundane like a sandwich bar, cafeteria, coffee shop, computer repairer, some form of retail outlet, a service supplier to other business, or small manufacturing operation.\textsuperscript{23} They have seen something, feel the concept could work in a particular place for them, have the skills, capabilities, resources, networks, and are motivated enough to pursue the idea. There is very little innovation involved. Over 70\% of business founders feel that their start up efforts were unsuccessful,\textsuperscript{24} and cease operations after the first few years of operation.

Others that work within particular industries may see some groups of customers that are not satisfied, a niche for a particular product or service, something can be done better, or where there is generally room for another direct competitor. Working within a particular industry makes one familiar with that industry, particularly if a person is involved in the sales or customer service functions. Industry experience enables a person to develop confidence through their knowledge, developed competencies, and built up networks. A start up in a familiar industry is more likely to survive, grow, and be profitable.\textsuperscript{25} However only a minority of these businesses are developed with new business models that enhance value like what Ray Kroc did to Burgers or Kemmons Wilson did to motels. This appears to be a similar situation all over the world.

The overwhelming reason why people start a business according to research is primarily because they don’t like working for someone else,\textsuperscript{26} even if it leads to lower income.\textsuperscript{27} Self employment appears to be the largest typology of entrepreneurship.
4. There Is No Such Person as an Entrepreneur, Just a Person Who Acts Entrepreneurially

Finding common characteristics shared by all entrepreneurs has been an elusive task. Back in the 1960s researchers have tried to link entrepreneurs to psychological traits and characteristics with the hope that questions like ‘why do some people see opportunity, when others do not?’ ‘Is there any difference between people who are entrepreneurs and non-entrepreneurs?’, and ‘Can a psychological profile be developed for entrepreneurs?’, etc.

Over the years a large number of personality traits have been explored and reported upon. Early work by McClelland in the 1960s postulated that the key to entrepreneurial behavior was the need for achievement as a source of motivation. According to McClelland people with a high need for achievement wanted to take responsibility for their decisions, set goals and accomplish them through their own effort. They also desire some form of regular feedback. High achievers wanted challenging tasks with concrete goals and succeed by their own efforts rather than by chance. Based on the logic of the need for high achievement, people with this need would become entrepreneurs. However the need for achievement is not an exclusive trait for entrepreneurs and it fails to predict entrepreneurial tendencies.

Researchers turned their attention to the study of the locus of control. The locus of control generally refers to a person’s perceptions of the outside world and the reasons they believe are the causes of events impacting on their lives. People who believe they can control the environment through their actions have what is called an internal locus of control. Whereas people who believe they have little control of the environment have what is called an external locus of control. Generally it was believed that people with an internal locus of control would gravitate towards being entrepreneurs and people with an external locus of control would be reluctant to become entrepreneurs. Rotter hypothesized that people exhibiting an internal locus of control would be more likely to strive for achievement than people with an external locus of control. Although there was much research that supported these ideas, this was not a trait exclusive to entrepreneurs and was found in people of other professions.

The propensity to take financial, family or career risks are often attributed to entrepreneurs. Thus it was assumed by researchers that entrepreneurs would take moderate risks in trying to satisfy their need for achievement, and propensity to take risks would be higher than managers. Some research studies concluded that the propensity to take risks, among
other personality characteristics was important in identifying entrepreneurial types.\textsuperscript{39} However many other results have shown to the contrary.\textsuperscript{40} Studies show that entrepreneurs are capable risk managers who defuse risk through their knowledge and confidence of situations that others may view as high risk.\textsuperscript{41} Other studies have shown that the amount of risk a person is willing to take is situational upon specific conditions,\textsuperscript{42} and entrepreneurs don’t take any more risks than managers.\textsuperscript{43}

Research on specific psychological traits did not identify any typology type profiles of entrepreneurs or any exclusive traits that would lead to the prediction of entrepreneurs. Very few personality traits differentiate the entrepreneur from other people. Nor did trait studies give any insights into the belief systems or behavior patterns of entrepreneurs. Behavior is too complex a phenomenon with too many factors influencing how one perceives the world, feels emotionally and perceives their own self esteem for the trait approach to explain.\textsuperscript{44} Any psychological profile would be too theoretical and too general to have any real meaning. For example, under the Myers-Briggs description of ENTP – (extrovert intuitive thinker and perceiver), a person would look for one exciting challenge after another. They would be highly inventive and their enthusiasm would lead to lots of different activities. Their inventiveness is attributable to their rich intuition which would give them a world of endless possibilities, when combined with their objective decision making facilities and directed outwardly converts everything to ideas and schemes. Such a horoscope like description really doesn’t bring much deeper understanding of who is an entrepreneur and why they see opportunity, when others don’t.

If one undertook several case studies of successful entrepreneurs and identified important traits that assisted in their respected successes, these traits would not necessarily be common to all cases. Therefore the study of psychological traits as a means to answer the question of ‘why some people see opportunities and others don’t’, etc, was widened to include other internal and external factors as well as situational circumstances.\textsuperscript{45} For example, extroversion would be a much more important trait in a situation where an employee had direct contact with customers than in a position that dealt in paperwork.\textsuperscript{46}

Each entrepreneur will have a number of positive and negative personality characteristics that will not direct behavior but be ancillary to behavior. Therefore as broad dispositions, these traits cannot be expected to be a very good predictor of individual behavior.\textsuperscript{47} A person’s general orientation, situation and personal motives also come to play in influencing behavior.\textsuperscript{48} A list of some commonly mentioned traits are shown in Table 1 below.

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Table 1. Some Commonly Mentioned Characteristics of Entrepreneurs

<table>
<thead>
<tr>
<th>Ability to learn from mistakes</th>
<th>Foresight</th>
<th>Product knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Able to take calculated risks</td>
<td>Goal orientated</td>
<td>Profit orientated</td>
</tr>
<tr>
<td>Aggressive</td>
<td>Honest</td>
<td>Quick decision maker</td>
</tr>
<tr>
<td>Balanced</td>
<td>Imaginative</td>
<td>Resourcefulness</td>
</tr>
<tr>
<td>Charismatic</td>
<td>Independent</td>
<td>Responsible</td>
</tr>
<tr>
<td>Committed</td>
<td>Influential over people</td>
<td>Responsive to criticism</td>
</tr>
<tr>
<td>Confidence</td>
<td>Initiative</td>
<td>Responsive to suggestions</td>
</tr>
<tr>
<td>Cooperative</td>
<td>Integrity</td>
<td>Self-reliant</td>
</tr>
<tr>
<td>Courageous</td>
<td>Intelligent</td>
<td>Sense of power</td>
</tr>
<tr>
<td>Creativity</td>
<td>Leadership</td>
<td>Sensitive</td>
</tr>
<tr>
<td>Customer orientated</td>
<td>Market knowledge</td>
<td>Sociable</td>
</tr>
<tr>
<td>Determination</td>
<td>Maturity</td>
<td>Street smart</td>
</tr>
<tr>
<td>Diligence</td>
<td>Need for achievement</td>
<td>Technical knowhow</td>
</tr>
<tr>
<td>Dynamism</td>
<td>Non-conformist</td>
<td>Thorough</td>
</tr>
<tr>
<td>Efficacy</td>
<td>Optimism</td>
<td>Tolerant of ambiguity</td>
</tr>
<tr>
<td>Efficient</td>
<td>Passion for work</td>
<td>Trustful of others</td>
</tr>
<tr>
<td>Egotistical</td>
<td>Perceptive</td>
<td>Trustworthy</td>
</tr>
<tr>
<td>Energy</td>
<td>Perseverance</td>
<td>Versatility</td>
</tr>
<tr>
<td>Flexible</td>
<td>Positive to challenges</td>
<td>Visionary</td>
</tr>
</tbody>
</table>

As can be seen from the list above, the traits themselves are very narrow and cannot on their own or combined predict who the entrepreneur really is and why they can see opportunities. Some traits maybe helpful in opportunity identification and venture creation but may tend to be destructive during growth and maturity stages of a business. For example, the need to control others will be very useful when the early stages of a new business must focus on production and sales. As the company grows and needs new opportunities and strategies to grow centralized control and decision making may stifle creativity and innovation within the firm. Another issue is that behavioral relationships between different traits can be totally unpredictable. For example, a self-centeredness will have influences on the locus of control, need for achievement and propensity to take risks in ways where behavior cannot be predicted, especially where situational aspects are varied between people.

Most traits also have opposites like independent-dependent, thorough-lax, sociable-unsociable, and responsible-irresponsible, etc. Many personality traits like the need for power, recklessness, over confidence and unrealistic optimism, and sociopathic tendencies can have very counter-productive results on behavior. As mentioned, the need for control
can stifle creativity and innovation. A sense of distrust of others can bare many negative consequences on the firm and other individuals. Osbourne postulated that the ownership of an enterprise itself can actually corrupt and change people for the worse. People might not be driven by their traits but by their flaws, as flaws may be motivated as defense systems. For example, behind the need to achieve may be the fear of being found out. People may work hard for success to compensate for failed (or failing) relationships and easily become obsessive.

With the disappointment with the traits approach not being able to predict who would become an entrepreneur, some researchers looked at typologizing entrepreneurs as a way to understand anchor traits, value systems, and thinking for given typologies of entrepreneurs. Typologies can be considered theories that can be modeled according to traits and variables into a synthesized conception of an entrepreneur type.

Landau proposed that entrepreneurs could be classified according to their innovative and risk bearing characteristics and proposed four basic typologies. The consolidator is a person who develops a business on a low innovation, risk bearing platform and aims to consolidate and slowly improve, usually bringing low returns. The gambler is characterized by a low degree of innovation and high level of risk where he or she takes big chances in what they do, but is able to deliver through breakthroughs if successful. The dreamer attempts to combine a high level of innovation with a low level of risk. However without risk the dream can never be realized. The entrepreneur takes a high level of risk and innovation and succeeds on the basis of how they are able to manage the risk. Research has also focused on the typologies of the entrepreneur as a craftsman with a blue collar and limited educational background, who prefer technical work and are motivated by the want of personal autonomy, and opportunists who are well educated and motivated by building a successful organization and financial gains. Another typology is an inventor-entrepreneur who has a strong commitment for new product development and rapid market entry with an orientation towards the future.

Siu developed five typologies of entrepreneurs in China; the senior citizen, who seeks to work by him or herself, the workaholic, the swinger who jumps from deal to deal, the idealist who tends to think in longer timeframes, and the high flyers. Jones-Evans suggested four technical categorizations of entrepreneurs. The research based technical entrepreneur is in a research environment where his or her ideas have been incubated for a long period of time. He or she is purely a research based entrepreneur without much business experience. The producer technical entrepreneur is an individual who has some exposure to business decision making, probably within manufacturing. The user technical entrepreneur is
an individual whose main experience is commercially based with some technical background, and the opportunist entrepreneur is one who has no previous exposure to technology but has seen a commercial opportunity.

Although typologies are not absolutes, as individuals may have characteristics from more than one typology, a good typology fit can be predictive of behavior. The typology approach can be widened to include any number of potential typologies to describe an entrepreneur and the way they seek and exploit opportunities.

The search for opportunity, subsequent strategy development and execution has multidimensional factors influencing it. Without these other multidimensional factors, psychological characteristics will not drive these processes. Opportunity is a socio-psycho phenomenon and from this point of view, the potential factors that influence entrepreneurial behavior are shown in Figure 2.

![Figure 2. The Potential Socio-psycho Factors that Influence Opportunity Discovery and Behavior](image)

There is no way to explain precisely the phenomenon of entrepreneurship. What factors, situations and emotions determine how people behave is so complex that no diagram or explanation can cover all behavioral contingencies. However for a person to start looking with intention at
ideas that can turn into opportunities and be acted upon through a set of strategies requires a trigger situation. A trigger situation can be activated from an external event and/or internal consideration. External events could be shocks that may occur through sudden unemployment, being overlooked for promotion or some other personal tragedy that sets the process off. This may not be a sudden response to the tragedy, as alternative courses of action like looking for another job may precede the setting off of the situational trigger. Other internal triggers may occur when a person may be dissatisfied at work, feel they can do it better or have immense difficulties working under others. This internal ‘cooking’ of desire or frustration may take time and itself require some event in the workplace like being passed up for promotion or having a new ideas ignored to ‘tip the balance’.

When an idea exists and there is a “gap” between the present situation and the potential reality that a new idea could create, there is enough tension to activate a motivational trigger. An idea is needed to set off this situational trigger because without any idea there can be no opportunity alternatives available to the person to think about and act upon.

Acting as a filter through our perception mechanisms are a group of attributes called personal paradigms. Personal paradigms act to pattern or filter information going into the psych where cognitive decision making processes take place. The author believes that it is these personal paradigms, which are particular attributes related to how opportunity is seen, appraised and acted upon, have great influence over our decision making and behavior. They are a buffer between our internal and external world where ‘what we see’, ‘how we feel’, and ‘what we think’, relates back to our personal paradigms. A brief description of some personal paradigms follows below:

• **Alertness** or entrepreneurial alertness is the ability to be sensitive to information about objects, incidents and patterns in the environment where ideas and potential opportunities can be constructed.\(^{63}\) To perceive potential opportunities there must be a heightened perceptual and cognitive alertness.\(^{64}\) Without alertness, any information will not gain any cognitive attention and be forgotten almost immediately. Alertness is a product of our psych and the environment.\(^{65}\)

• **Motives** push people to perceive, think and act in specific ways that attempt to satisfy needs.\(^{66}\) Motives often stay unconscious in a person, as the person doesn’t know exactly what they want, yet these motives remain powerful influence behind thoughts, feelings and behaviors.\(^{67}\) People differ in their types and strength of motives, taking them on different lifetime journeys with different outcomes. For example, Anita Roddick, the founder of The Body Shop may have been personally committed to the
environment, education and social change, while Jack Welch and Bill Gates were more motivated by competition and winning, leading to completely different types of organizations and operational philosophies, while all being considered more than successful. Motivation is also situational where for example one can see the higher rates of entrepreneurship among migrant populations in developed countries. Studying motives can assist in answering the question of ‘why people do what they do?’

Motivation is not static. There are two sets of motivational factors. The first set that motivates a person initially usually involves need, responsibilities and obligations that may have arisen from some form of trauma like job retrenchment. A second set of motivators come into influence once a person has established something and involves motivational factors related to the tasks themselves. These higher order motivations have a lot to do with achievement, satisfaction, recognition and fulfillment. Motivational goals often keep moving as one progresses thus maintaining tension and drive in the person. For example, an original motivation may have been to serve a particular geographic area, but as time goes along, ambitions and motivations grow to new and larger areas. When one does meet a goal or objective, then that goal or objective ceases to be a motivator and complacency can set into the person. A list of common motivational factors is listed in Table 2.

Table 2. Some Common Motivational Factors

<table>
<thead>
<tr>
<th>Motivator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achievement</td>
<td>A need to master, manipulate, organize and arrange objects, people and events in an accomplished way by overcoming obstacles and excelling.</td>
</tr>
<tr>
<td>Exhibition</td>
<td>A need to be seen and heard by others and be the centre of attention and make an impression on others.</td>
</tr>
<tr>
<td>Order</td>
<td>A need to put things in an orderly arrangement, balance and in precision.</td>
</tr>
<tr>
<td>Dominance</td>
<td>To seek and direct the behavior of others by persuasion, command, coercion or seduction. To seek to control the environment.</td>
</tr>
<tr>
<td>Abasement</td>
<td>To accept injury, criticism and blame. To submit to the force of others and resign yourself to fate. To admit wrong doing, inferiority and error.</td>
</tr>
<tr>
<td>Aggression</td>
<td>To overcome any opposition forcibly. To avenge injury and hurt with attack and oppression.</td>
</tr>
<tr>
<td>Autonomy</td>
<td>To maintain free of others restraints, to break out of confines, to be one’s own master.</td>
</tr>
<tr>
<td>Blame-avoidance</td>
<td>To avoid blame and humiliation at all costs, to avoid</td>
</tr>
<tr>
<td>Situations that may lead to embarrassment, to refrain from action because of fear of failure.</td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td><strong>Affiliation/Intimacy</strong></td>
<td>To seek cooperation with others, to draw near and close to others, to win affection of others, to be liked to develop loyalty and receive loyalty from others.</td>
</tr>
<tr>
<td><strong>Nurturance</strong></td>
<td>To take care of others in need, to give sympathy and gratify the needs of helpless others.</td>
</tr>
<tr>
<td><strong>Succor</strong></td>
<td>To receive help from others, to have one’s needs gratified by another, to be indulged, nursed, supported and protected by others.</td>
</tr>
</tbody>
</table>

Motivation appears to come from the ego portion of the psych. The ego gives a person a sense of purpose and this is where ‘the urge to make a difference’, ‘to be respected’, ‘to be admired’, ‘to be wealthy’, ‘to be successful’, ‘to control others’ and ‘to be the best originates’. The ego holds emotions of self esteem, the sense of achievement, envy, greed, hate, anger, anxiety, fear, guilt and empathy which are the building blocks of motivators.

- **Prior knowledge** is information and knowledge a person accumulates over a period of time. Prior knowledge assists a person discover opportunities as it patterns incoming information with familiar knowledge already known. This recognizes the specific value of incoming information in the light of prior information. Shane postulates that a person will tend to discover only opportunities related to their own prior knowledge. Thus people without specific prior information related to incoming information will not see the same opportunities as those that have. As everybody’s prior information has its own idiosyncrasies, each person will have their own unique ‘knowledge corridor’ that allows them to see certain types of opportunities but not others.

In relation to opportunity, there are three dimensions of prior knowledge; 1. Prior knowledge of markets, 2. Prior knowledge of ways to serve markets, and 3. Prior knowledge of customer problems. This can be further broken down two areas. The first is knowledge of special interests to a person, which can provide them with profound insights into their special interest areas. The second area is knowledge accumulated from their work experience over a number of years. When information from the first area is mixed with information from the second area, new insights may be gained which lead to the discovery of unique opportunities. For example, a salesperson that goes yachting every weekend may discover unique business opportunities related to the leisure sailing industry through the mixing of both phases of his or her prior knowledge.

- **The strategic outlook** paradigm is concerned about vision, the ability to recognize and evaluate opportunities by turning them into mental
scenarios, seeing the benefits, identifying the types and quantities of resources required and weight up all the issues in a strategic manner. A vision helps a person focus upon the types of opportunities suited to their disposition. This sense of vision is guided by their assumptions, beliefs and values within the psych. Vision has varying strengths in different people depending upon their ego characteristics and motivations. The ability to spot and evaluate opportunities is closely linked with a person’s creativity paradigm, their propensity to action and their perceptions of their own talents and available skills. According to Bolton and Thompson entrepreneurs spot particular opportunities and extrapolate potential achievable scenarios within the limits of their skills and ability to gather resources to exploit the opportunity. These extrapolations from opportunity to strategy require both visual/spatial and calculative thinking skills at a strategic rather than detailed level.

Adequate concentration is required in order to have a strategic outlook upon things. This requires focus in strategic thinking, creativity, ego values and interpersonal paradigms. Too little focus will result in random jumping from potential opportunity to opportunity without undertaking any diligent mental evaluations. Too much focus may result in narrow mindedness and even obsessive thinking which would result in either blindness to many potential opportunities or action without truly “objective” evaluation. Table 3 below shows the potential effects of focus on behavior.

**Table 3. The Potential Effects of Focus on Behavior**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Absent Focus</th>
<th>Mean Focus</th>
<th>Extreme Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic</td>
<td>Switch off, insensitive to environment,</td>
<td>Able to spot opportunities, work towards exploiting them, able to see</td>
<td>Look in too much detail so fail to get overview or big</td>
</tr>
<tr>
<td>Outlook</td>
<td>blind to opportunity.</td>
<td>required resources and identify potential sources.</td>
<td>picture.</td>
</tr>
<tr>
<td>Creativity</td>
<td>Unimaginative</td>
<td>Able to think both laterally and serially and construct opportunities.</td>
<td>Over-imaginative, lose sight of big picture.</td>
</tr>
<tr>
<td>Ego Values</td>
<td>Purposelessness not interested.</td>
<td>Able to contemplate some form of action with some form of motivators</td>
<td>Self-delusion, delusions of grandeur.</td>
</tr>
<tr>
<td>Interpersonal</td>
<td>Individualistic and independent.</td>
<td>Able to communicate and work within social sphere.</td>
<td>Hesitant to take responsibility, dependent.</td>
</tr>
</tbody>
</table>
Overall | Random scanning of environment, jump from opportunity to opportunity, apathetic. | Focused on opportunity possibilities and drawbacks. Orientated towards action. | Tunnel vision, fanatical and/or blindness.

- The **element of creativity** expresses itself through other facets and talents. It is a competence that gives a person the ability to make connections between unrelated things, thus creating new ideas, concepts through what can be called an innovation. Creativity is the element that creates opportunity constructs from the fusion of external stimuli and internal information or prior knowledge of the person. Creativity develops innovation which becomes an element behind most opportunities, problem solving, combining resources, generally using talents and skills, and in overcoming barriers and obstacles. Motivation is required to drive creativity and focus maximizes the sensitivity of creativity.

- In Tom Peters and Robert Waterman’s seminal book *In Search of Excellence*, ’a bias for action’ was listed as the first of their eight basic principles. ‘A bias for action’ is a preference for doing something rather than getting into the inertia of doing nothing. Many people spot opportunities but for various reasons fail to do anything about them. The propensity for action is about energy, both cognitive and physical to act upon a perceived opportunity. Cognitive energy is required during the mental evaluation stage and physical energy is required to actually put strategies into effect. Without any propensity for action, no other personal paradigm will have any constructive effect.

- **Personal talents** are natural aptitudes, abilities, skills and intelligence to assist a person pursue their life goals according to their interests, motivations and contexts. Talents according to Cattell are almost fully inherited. Abilities are also aptitudes, skills and intelligence to enable someone to do physical or mental things, but are developed through lifetime learning. Talents and some abilities through learning can be developed into excellence. To utilize and enhance talents and abilities a person must have temperament, attitude, motivation, and interest. Temperament encompasses the ability to manage talent and maintain perseverance. Many talented careers, particularly in sport and the performing arts fail because of the wrong attitudes and temperament. Personal talents and abilities link closely with the personal creativity paradigm and may act as both an anchor and a primer for creative action. Personal talents and abilities may also heighten patterning attention towards stimuli and information close to a person’s span of talent and ability areas.
• **The interpersonal paradigm** will almost directly influence how large an opportunity a person may consider, dependent on their ability to communicate, collaborate, and work with others. Those with extrovert personalities and leadership qualities are able to bring others onboard and acquire talents and abilities they themselves lack. This means that a person can generally imagine larger potential opportunities because in their assumptions exists the possibility of building large organizations, than would be the case if they were considering or only comfortable working by themselves. How people view others is partly influenced by how they tend to view trust. Those people who tend to be trusting of others will tend to build organizations that may be more open for creativity and innovation than those that are built on assumptions of mistrust of people.

For the purpose of entrepreneurial behavior, the ego drives a person. This is especially so in the creativity, strategic outlook, motivation, alertness and propensity for action paradigms. A very weak ego would lead to a sense of apathy, where a strong ego would lead to a much stronger sense of self. Without a healthy ego, talents and abilities would be wasted. The ego provides our temperament and influences our basic assumptions, beliefs and values. On our external side, the ego along with the rest of the psych forms our personality traits. The world sees us through our personality traits and to a certain degree our traits along with our psych are precursors to our behavior.  

Bolton and Thompson describe the ego as having two parts. The inner part of the ego is concerned about our internal manifestations of self assurance, dedication and motivation. The inner ego produces our interest and passion about things and is the psychic driver of a person. The facets of the outer ego are more behavioral and concern more about a person’s outward qualities. These qualities include a person’s sense of responsibility, accountability and courage. Courage is perhaps the element that makes one feel confident, face reality and stand up to their beliefs and values. The ego tends to be shaped by our self perceptions, experience and unconscious primitive drives and basic morality.

Our perceptions, experience, prior knowledge and psych help shape “who I am” though a continual molding and shaping process. When set off by a trigger, our perceptions, psych, traits and skills combine to form ideas and some behavioral response, “what I do”, which produces certain outcomes. As we produce outcomes, we measure them against our personal goals and go back through our perception system as feedback or ‘how we feel’.

A person reacts to the environment they are within. However it is impossible to predict the behavior that will come from the combination of
the personality and environment. Predicting behavior is difficult because all behavior is situational upon the environment. In other words, behavior is both personality and environmentally dependent.

Not only is behavior environmentally influenced, a person with a particular personality leaning will attempt to seek out or create an environment that is suitable to them.\textsuperscript{84} For example, an introvert will seek a quiet, unobtrusive environment which is secluded and personal, where an extrovert will prefer a social environment with interpersonal interaction. Personal paradigms are not static, their will shift in their influence and dominance over times and according to life circumstances.\textsuperscript{85}

Finally, personality can act as a type of memory filter. People tend to remember things that are compatible with their personality traits. Therefore a person with a calm and non-confronting disposition will remember events that promote these attributes, rather than conflicting and divisive situations.\textsuperscript{86}

5. People Tend to Start Businesses for the Wrong Reasons

A person’s psychological state will directly influence perception of people, objects and events. This can potentially lead to perceptive distortion, especially if the person has any psychotic tendencies. Therefore any construed reality, decisions made, strategies crafted, resulting actions and consequential behavior would be based upon biased perceptions. Thus everything that develops within a firm including culture, management style, interpersonal relationships, rules and procedures, strategy, symbols and behavior will have some unconscious basis.\textsuperscript{87} Perception and thinking processes that identify opportunities and shape subsequent actions have their origins both in the psych and the external world. Identifying an opportunity and exploiting it may have as more to do with inner needs i.e., \textit{recognition, love and affection, power and control, self esteem, or grandeur, etc.}, as with any rational thought processes.

Most people enter into a new business for reasons that are not rational and thought out badly. Our cognitive decision making processes are guided by heuristics or ‘\textit{short cuts’}, ‘\textit{rules of thumb’}, decision rules that influence our judgments and decisions. Heuristics have the potential to assist in decision making by cutting down on the person’s information load,\textsuperscript{88} allowing a person to make quick decisions about opportunities without taking any formal analysis that would tend to highlight problems that prevents its exploitation.\textsuperscript{89}

Consequently, heuristics have some advantages in entrepreneurial decision making processes as deep contemplation of a start up may lead to numerous reasons why a potential venture should not start up. Heuristics
are very important where opportunity windows are very short. This helps in making quick strategy choices, saving time, and adding to flexibility. This can trigger the creativity process by imposing alternative scenarios to what is perceived through the senses. Heuristics are deep in our belief systems and maybe also influenced by our deep motivations and reflect our social conditioning. Heuristics and other biases become intertwined within our knowledge structures and become a factor of influence in the assessments, judgments, and decisions we make involving opportunity evaluation. They are part of our decision making processes.

On the negative side, heuristics can become cognitive biases. Cognitive biases are errors of judgment based on misconceptions of the facts, memory errors, probability errors, motivational errors, and/or social influences. These are the basis of irrational reasoning which can lead to all sorts of mistakes in judgment. The general conditions that people work under, particularly if it is an entrepreneurial environment will normally be characterized with information overload, uncertainty, strong emotions, time pressure, fatigue and the need to do unfamiliar things with little prior experience. This type of situation is a stressful one and a potential trigger for distortion in perception and reasoning. This usually occurs without a person’s conscious knowledge of the fact. Human reliance on heuristics and biases tends to increase in busy environments described above, especially when immediate answers are required. This is where lots of irrelevant information works its way into the reasoning process and leads to cognitive biases that contribute to irrational and less than optimal decisions.

One of the most common cognitive biases is the overconfidence bias. People tend to be over optimistic about their chances of success which motivates them to start a business, even through real prospects may be poor. People usually perceive their chances of success are higher than others doing the same thing around them. Other common biases include the representativeness heuristic, a generalization about a person or event that leads to the consideration of only a few variables, the law of small numbers where a person uses limited number of population data and generalizes it over a much larger population, and the halo effect where there is a tendency for people to make attributions about something based on past events and/or performance. Other biases include loss aversion where the disutility of giving something up is greater than the utility associated with acquiring it, optimism bias, the tendency to be over optimistic about the outcomes of planned actions, ostrich effect, ignoring something obvious in a negative situation, planning fallacy bias, a tendency to underestimate the time it will take to complete a project, professional bias, a tendency to look at things according to the ideas of
one’s own profession without considering broader points of view, and an escalation of commitment as a tendency for people to keep on investing time, effort and money in losing courses of action because of the initial commitment.

Heuristics and cognitive biases are believed to be caused by the process of attribute substitution. Attribute substitution occurs when a person has to make a judgment (of an attribute target) that is very complex. As a consequence of the complexity, the mind substitutes a more easily calculated heuristic attribute to simplify complexity. This occurs when the target attribute is relatively unavailable through reasoning (answer cannot be easily retrieved through memory), so an associate attribute (heuristic) is substituted. This process occurs because the heuristic is easily available in memory (i.e., a neural perception or primed in memory), and this process is not detectable through the person’s reflective system. The attribute substitution process combines available knowledge and experience into heuristics that drive a new idea forward. In pragmatic terms, heuristics and cognitive biases are built into a person’s belief system.

Many people mistake their aspirations for opportunity. For example people put their money and efforts into a boutique, restaurant or spa for the wrong reasons because they like fashion and shopping, food and cooking, or aromatherapy and massage. In SME’s the values of the founder and the firm are the same in many cases. Perception of business opportunity is influenced to various degrees by a hierarchy of personal aspirations and concerns that cannot be easily separated from business goals. This can be dangerous if one is unaware of their influence upon thinking.

Emotions are part of our fundamental irrationality and unpredictability and thus an important influence on thinking. Our basic emotions come from inner extra-rational dynamics deep within our psych that are expressed as feelings, dreams, fantasies, and other imagined aspects of our lives. Our more complex emotions like loyalty, sympathy, pride, confidence, achievement, embarrassment, indignation, bewilderment, pity, elation, satisfaction, boredom, shame, disgust, frustration, and surprise, etc, tend to be socially related and constructed. Everything we perceive evokes some form of feeling and the process of creativity, innovation and invention is always an emotional and even a sensual experience in people as concepts are translated into words, numbers, diagrams, or objects, leading to something inspirational. Emotions decide what we like, dislike, what is agreeable, disagreeable, giving meaning to our world. Emotions can sometimes help us see similar patterns across fields without conscious deliberation and plays an important role in signaling preferences.
for opportunities by arousing positive emotions, kindling enthusiasm and determining our reactions to shocks and the behavioral trajectories we take. Our view of the world is filtered through our emotions which guides our self awareness to a past or future orientation. Any past orientation will be full of stories which influence our sense of meaning about the present. Some of the stories we remember will be full of regret for past mistakes, disappointment for what was not done, or full of satisfaction and/or pride for what was achieved. The past influences our interpretation of the present. Positive and negative experiences influence what we perceive, contemplate and put our focus upon in the now. The positive and negative memories of the past also guide our direction in the future. Positive memories guide us towards action where we have a high sense of self efficacy and negative memories tend to make us averse to taking action where we have a low sense of self efficacy. The future represents our positive hopes and aspirations, or negative fears and anxieties where positive emotions may lead to a sense of high self efficacy and become powerful motivators for action, while negative emotions may lead to sense of low self efficacy feasibility and averse to action. Extreme feelings of low or high self efficacy can lead to either reckless overconfidence in a positive emotional state or an aversion from action out of fear and anxiety in a negative emotional state. The same feelings are not uniform across the all activities, where a person may feel a high sense of self efficacy in some areas and low sense of self efficacy in other areas.

Too much past or future orientation may lead to personal delusion such as unrealistic hopes that an entrepreneurial opportunity really exists, or massive overconfidence in one’s ability to successfully implement a complex strategy in the field. Alternatively too much future or past orientation may lead to undue pessimism where the feeling of self efficacy and motivation is low, leading to states of anxiety and inaction. Orientation in the past will anchor one into previous patterns of success, which promote rigidity, while too much orientation into the future may lead to fantasy, thus leading to unrealistic objectives and the ability to consider realistic scenarios.

It is usually very difficult to see abnormality as many psychotic traits are also important drivers of manager and entrepreneur behavior. Many well known business leaders could be considered narcissistic in nature. Some forms of psychosis (attention-seeking, paranoia, obsessive-compulsiveness & narcissism) are actually qualities that help bring people to the top of their fields. However these same qualities in excess can lead to an arrogant and overconfident delusion, once at the top. Many managers have fallen from corporate grace for this reason.
6. Very Few Entrepreneurs Have Much Ambition for Growth

Stories about highly successful growth companies like Apple, Google, and Yahoo, etc., are told and retold so many times that one begins to believe that this is the norm rather than the exception. This is the ‘entrepreneurial growth myth’, the idea that firms need to grow into large firms in order to survive. This ‘grow or die’ syndrome has been perpetuated by business schools around the world, making many small businesses feel pressured to seek expansion and strain the stability of the enterprise. The proprietors of small or micro SMEs are often branded as un-ambitious failures with little relevance to society and considered part of the informal economy in developing countries. We live in a society that generally equates success with size.

The reality is that most firms in the United States have very little intention to grow. Many firms have been set-up as lifestyle businesses with little ambition for high growth. Many proprietors set up their businesses to practice a craft, hobby, or trade that they like and are not really concerned too much about the business aspects, other than the business supporting what they like to do. Consequently most US small businesses have no more than one employee, and not more than two over the first five years of operation. The majority of US small firms didn’t have incomes above US $100,000 per annum in 2007. Generally speaking other countries in the post industrial world follow similar patterns.

Within Southeast Asia, South Asia and the African experience, start-ups of small business are primarily domicile based and serve the local community with food, service, or repair type businesses. These firms usually serve very fragmented local customer bases with little prospects for growth beyond a subsistence income. These micro-enterprises are the primary source of income, where members of the family do extra jobs to supplement income. There is little ambition above ‘making a living’ for the vast majority. The predominating narrative is that of ‘survival on a day to day basis’, where there maybe some medium to long term financial goals such as providing education for the children, or buying a small house. This desire for economic independence has been a ‘draw card’ to many of the urban areas in Asia and Africa where potential opportunities are greater than rural areas.

In addition to the lack of intention to grow a business beyond something that will enable a particular lifestyle, undertaking of a craft, or
assisting in financial survival, there are a number of constraints that inhibit most enterprises from growing beyond a minimal size.

The first constraint is lack of capital to grow a business, which appears to be a universal problem across all countries. Most forms are started with a person’s own savings rather than being financed externally, through family, friends, or formal lending through a financial institution\textsuperscript{121} - another misconception of the nature of entrepreneurship. Many enterprises only generate cash-flows that are only positive enough to pay immediate overheads and a meager income, leaving little available funding for future growth. The funding of SMEs through external finance is more myth than reality.\textsuperscript{122} Ironically business schools apportion a large percentage of their curriculum on business models that rely upon external financing.

The second reason is that most businesses have been founded upon an imitative opportunity that resembles another business and consequently has no source of competitive advantage other than its location (important in retail), or the personal services and relationships they develop with customers and clients. The average entrepreneurial start-up has no intellectual property in the form of proprietary knowledge, trademarks, registered designs, or patents. Most of these firms are run by the founder who has little time or resources available for the firm to undertake any research and development. As a consequence most SMEs are deficient in technology. From the product and market perspective most firms follow other firms with product and marketing strategies, rather than innovate.\textsuperscript{123} Therefore the only tools that can be utilized to differentiate products and the firm from others is through extra features, servicing selected customer groups that are too expensive for existing firms to service, or by discounting.

The third reason mentioned in the introduction to this section is that most firms enter into fragmented industries where growth is very difficult. The more decentralized an industry, the easier it is to enter, but generally speaking the lower will be the profitability, particularly if there are low barriers to entry. It is extremely difficult to expand the business of a sandwich bar, restaurant, launderette, ironing service, secretarial service, or employment service, without a major investment and possible duplication of the business in another location, \textit{i.e.}, like McDonalds, KFC, or Pizza Hut. The lack of capital and competitive advantage discussed above compound the problem of expansion in fragmented industries.

Finally, most proprietors of SMEs do not undergo any formal planning process. There is very little evidence of strategic thinking in many SMEs surveyed,\textsuperscript{124} which may be related to the need of proprietors to engage in most, if not all of the tasks required in running his or her business. In addition, personal goals are often intertwined with business goals, where
the wish for autonomy, personal satisfaction, and lifestyle are more important than business performance of the enterprise.\textsuperscript{125}

7. New Enterprises Usually Don’t Survive Long

Most new enterprises do not last very long. The life expectancy of about half the new enterprises formed within the United States is approximately 50\%, with 30\% lasting up to ten years.\textsuperscript{126} This situation is very similar all around the world.

It is not difficult to understand these high rates of failure when the majority of new firms seek to compete in highly fragmented markets with heavy competition, where the market environment provides very low profitability levels, as previously discussed. In addition, 80\% of new products fail after being launched,\textsuperscript{127} although this sometimes takes some time to acknowledge. Other products may partially fail and not generate enough revenue, provide sufficient level of consumer satisfaction, or return on investment.\textsuperscript{128} Many new firms are particularly vulnerable because the strategies founders select to exploit opportunities do not create any new value within the competitive marketplace.

The most common reason for failure is insufficient experience. Operating in a marginal environment with competition requires sound and skillful management. Research has shown that the more experience a person has, the less likely their firm is to fail.\textsuperscript{129} Many learn from previous failures and develop wisdom that assists them in subsequent ventures they participate in.\textsuperscript{130} Experienced people within an industry have time to think about the exploitation of a discovered opportunity while working for an employer and are usually better able to develop high growth ventures relative to those without experience.

Many businesses are just poorly run, where mistakes are made either due to inexperience or poor ‘diligence’. Some of the common mistakes occur through lack of marketing, expecting sales to self-generate, competing on price unnecessarily, selecting markets that are too small, overestimating the ability to penetrate the market, lack of technology, providing poor customer service, failing to make decisive decisions, and failing to manage funds and cash-flow prudently. Founders also have the tendency to get ‘bogged down’ in administrative matters when they should be guiding the strategic direction of the business.

Finally some proprietors of SMEs have a ‘darkside’ which may distort perceptions, beliefs, values, and behaviors. A person may become subject to certain psychosis like compulsiveness, fear, anxieties, depression, a need for attention, paranoia, shyness, and/or narcissism.\textsuperscript{131} Sometimes it is very difficult to see these abnormal tendencies particularly during start-ups where some degree of compulsiveness, paranoia, and attention seeking
behavior is advantageous. However these psychotic tendencies will become a burden and inhibit firm development when the firm reaches the growth and maturity stages and can damage the progress of the firm.\textsuperscript{132} Every SME proprietor has their own idiosyncrasies which can lead to obsessive, compulsive, paranoid, depressive, dramatic, or narcissistic behavior. The end result of these types of behaviors is that one may become very inward looking, where stakeholder interests become ignored, leading to a drop in support and eventually performance.\textsuperscript{133}

So many SMEs today all over the world live in a situation of being ‘a living dead enterprise’ where there is just sufficient income to cover expenses and a generate a meager income. The proprietor cannot expand the business, nor can the proprietor exit the business without making a major loss on capital investment, and is thus locked into this ‘living dead’ existence. People in this situation become stressed, pessimistic, depressed, and feel a sense of hopelessness. Entrepreneurship is not an emancipating or empowering activity, but in many cases an imprisoning phenomenon, contrary to the beliefs of the entrepreneurial ‘pop-culture’ that exists today.

8. There Is No Such Thing as a Success Formula

The human race has sent a man to the moon, cured many diseases, mapped the human genome, descended to the deepest parts of the world’s oceans, but nobody can really be too sure of the reasons why one business is successful while another business fails. There are many types of businesses where it is extremely difficult to identify the elements of success, e.g. restaurants, boutiques, and spas, etc. They rely on very tight (but not necessarily apparent) formulas for success, which the entrepreneur may not even understand. Also quite often what looks like a solid and viable opportunity appearing very straightforward and even gathering very favorable market research may fail dismally in the marketplace.\textsuperscript{134} Some examples of spectacular market failures include Federal Express’s launch of ZAP Mail facsimile service in 1984, The Coca Cola Company’s launch of New Coke in 1985, and the launch of 3G video calling around 2003.

Strategy is future orientated and as the future does not exist, there can be no knowledge about the future, only the past and present. The future is only an imaginary construction based on the past and assumptions extended out over the existing information we have. Although the future is largely predicable, particularly the short term, if we have a specific and deep knowledge about the directly relevant past, it is by no means wholly predicable, especially when it comes to quantifying things like demand, sales, and profits, etc, and knowing the outcome of a new product launch. The future can only be predicted through extrapolation.\textsuperscript{135} However the
future is subject to the intervention of unforeseen events and human freedoms. The future can’t be forecast, it can only be expected. Choices cannot be made by forecasting, hard and definite choices need to be made. It boils down to a matter of judgment and an entrepreneurial decision has to be made. This is particularly the case with a new to the world product that people don’t know they need it until they use it. For example, there is no way of accurately knowing how consumers will accept the word processor, Lotus 123 spreadsheet, the iPad, and wireless broadband, etc. There is no way any accurate assessment of potential demand could have been made until these products were actually in the market place.

Management theories that have 10 rules, habits, or points that claim to lead to success, do not prove cause and effect. The mentioned elements may exist and correlate with success, but we aren’t really sure about causation. So many books mention the same companies, that it can’t be possible that all these companies are utilizing all these theories at once. These positivist theories miss out on the complexities of organizations and the environments they exist within, and most often the points and issues that influence success and failure.

Implementing management theories as a checklist is potentially very dangerous. Checklists are just like putting a net into the ocean to see what can be picked up, where we assume that what is picked up is actually the essence of the ocean. As W. Edwards Deming once said “you can only measure 3% of what matters.” Problems and opportunities arise out of imperfections and theories, and we don’t handle imperfections well.

Enter Tom Peters. Peters was co-author of a book written at a time when Japan had severely challenged America’s business dominance with many believing that many other industries were vulnerable to this Japanese “attack”. Tom Peters and Robert Waterman were employees at Mckinsey, one of the premier management consulting firms in the United States. They carried out research to identify common characteristics of successful companies, based on selection criteria of six financial measurements. Peters and Waterman called in two academics Richard Pascale and Anthony Athos to assist them make sense of the data and select the important characteristics of success. Strategy, structure and systems had been agreed upon and Pascale suggested style and shared values to complete five components of the Seven S Framework. After some weeks of discussion skills was added to the framework to make up six components. The seventh was decided upon as sequencing, but later replaced with staff. Peters was also proposing adding power, but this didn’t eventuate.

Their basic conclusion was that excellent companies exercised commonsense and kept very close to the business basics. The book
opposed analytical management that relied on numbers to make decisions. Peters and Waterman emphasized ‘mindset’, ‘autonomy’, and ‘culture’.

The Seven S Framework was featured in Peters and Waterman’s book In Search of Excellence, published in 1982. The book was far from being an academic piece of literature and written in a popularist format, easy to read with lots of stories to get the messages across. Even though the Seven S Framework was sharply criticized for making organizational behavior simplistic, akin to an advertising agency developing slogans, and that many of the excellent companies described in the book are not performing well now. However the book had many relevant messages based on eight main themes, in a chapter by chapter format, which came to corporate America at the right time:

1. A bias for action, active decision making – ‘getting on with it.’
2. Close to the customer – learning from the people served by the business.
3. Autonomy and entrepreneurship – fostering innovation and nurturing 'champions'.
4. Productivity through people – treating rank and file employees as a source of quality.
5. Hands-on, value-driven – management philosophy that guides everyday practice – management showing its commitment.
6. Stick to the knitting – stay with the business that you know.
7. Simple form, lean staff – some of the best companies have minimal HQ staff, and
8. Simultaneous loose-tight properties – autonomy in shop-floor activities plus centralized values.

It was reported nearly two decades later that Peters admitted that he and his co-author falsified the underlying data used in this groundbreaking book, but this was later denied by Peters.

There are no formulas that guarantee success in any market. Management theories like Balanced Score Card and Blue Ocean Strategy would have us believe that we can be successful, but no theory is certain when dealing with the future.

There is no doubt that successful enterprises do things differently from enterprises that fail. Perhaps an easier way to determine what some of these factors are is to look at the factors that lead to failure. Robert Cooper in his book Winning at New Products suggests that looking only at the factors of success will not give as an informative picture as looking at the factors of failure, as well. This is because, not all factors we equate with the success, actually contribute to that success. Therefore, the study of the
factors resulting in failure is in many ways a more important key to understanding what factors are critical.\textsuperscript{143}

9. Most Entrepreneurs Are Not Risk Takers

One of the biggest misconceptions about entrepreneurship is that entrepreneurs are risk takers. Risk and risk taking is a subject that is greatly misunderstood in current entrepreneurship literature. Many argue that an entrepreneur is a risk taker when starting a new venture. The propensity to take financial, family or career risks are often attributed to entrepreneurs. Thus it was assumed by researchers that entrepreneurs would take moderate risks in trying to satisfy their need for achievement,\textsuperscript{144} and propensity to take risks would be higher than managers. Some research studies concluded that the propensity to take risks, among other personality characteristics was important in identifying entrepreneurial types.\textsuperscript{145} However many other results have shown to the contrary.\textsuperscript{146} Peter Drucker would argue that an entrepreneur through his or her actions works towards minimizing risk, rather than taking risks.\textsuperscript{147}

The uncertainty and risk involved is a major factor influencing the viability of an opportunity. There will always be uncertainty with any potential outcome of a new venture. This includes the uncertainty regarding demand and uncertainty regarding capability. Both of these forms of uncertainties create some probability of failure, but individuals see these uncertainties very differently. People tend to want to be safe rather than put themselves at risk and may prefer inferior outcomes to the prospect of higher than average returns with a greater degree of risk.\textsuperscript{148} Some individuals will exhibit biases of overconfidence and high perceptions of self-efficacy which lowers their perceptions of uncertainty and risk about an idea and thus deem the idea an opportunity in their personal perception.

Research has also found that the view of risk is cultural and also varies between regions.\textsuperscript{149} Cultures that value and reward positive behavior, promote a propensity to be innovative, while cultures that reinforce conformity, group interests and try to control the future are not likely to develop much risk-taking and entrepreneurial behavior.\textsuperscript{150}

There are two aspects of entrepreneurial risk. First there is risk of firm failure. In the worst case scenario, a business failure can lead to a loss of investment, and even bankruptcy. Venture failure also carries the personal stigma of failure for the individual which is viewed differently in various countries. The second form of risk is in changing lifestyle and that mishaps in pursuing an entrepreneurial opportunity will result in a loss of current income and lifestyle.
The high levels of uncertainty of many entrepreneurial opportunities makes conventional forms of strategic analysis of very limited value. These types of opportunities are usually best if evaluated informally or even unarticulated. Formal business plans and forecasts based on historical information do little to assist in the analysis of the viability of the idea and any large amount of time spent analyzing the idea in depth will probably not shed much further understanding or reduce uncertainty about its potential success. Entrepreneurs can consider the probable customer perception of the value proposition and price-value relationships – which are purely subjective. These perceptions can be further tested as to how easily this value is perceived by potential customers through focus groups. The longer it takes for individuals to perceive value, the more risk in the inherent opportunity. However entrepreneurs will probably look at the opportunity cost of investing time and resources into the idea under conditions of risk and uncertainty and then compare this to a situation where he or she had pursued other actions of choice.

The only way to understand the viability and risk of the opportunity is to learn about it through implementation, where the willingness to continue experimenting is a further expression of commitment by the entrepreneur. However, someone who feels that they don’t have the necessary skills, even in the situation of necessity, will tend to look for other ways of surviving before looking at the option of starting a business, as they don’t feel personally capable of taking a risk of that magnitude.

However there are really very few innovators in the business world as most firms tend to adapt, emulate, and follow other proven ideas. They will follow the market leader rather than risk being innovative with their own ideas. By emulating and matching other firm’s ideas and strategies, and adopting the behavior and actions of others, just like we did in the school playground, we reduce our personal risk and uncertainty. By far the majority of businesses follow others that successfully exploit opportunities, rather than seek their own to exploit.

Attitude to risk also varies during the lifecycle of the venture. Proprietors of established firms may begin to consolidate their market positions rather than enhance it, have a declining inclination to invest, become headed by stewards rather than entrepreneurs, lose their aspirations, become complacent, risk averse, and develop organizations that have a culture resistant to change. This is reflected in the high turnover of companies on the S&P, Forbes, and Fortune lists, where vibrant new entrepreneurial companies are taking the place of the complacent companies with outdated products for their market and older technologies.
Finally risk taking is situational. A person’s propensity to take risks, particularly in the business area may not come out until later life because as young people, the personal risk of starting a business may be enough to dissuade them due to the responsibilities of buying a house and starting a family.  

10. Successful Single Products  
   Don’t Always Make Successful Ventures

A successful product doesn’t always lead to a successful venture. One product companies are rare, although many brand icons are continually in front of us through the media, giving us this impression. Although brands like Coca-Cola and Pepsi once came from single product companies, both have diversified to become multi-brand conglomerates. Even Levi Strauss & Co. diversified into multiple brands and put their hand to mobile phones. Products have a limited life and new products must be created to replace those near the end of their lifecycle. Markets and technologies are changing quickly even in the most stable markets, which is leading to shorter product lifecycles. Although brands have long lives, products under the brand umbrella need continual change and updating almost in a seasonal fashion. Even a company with a product based on a new breakthrough technology cannot maintain its competitive advantage forever and must continue to develop or acquire new products in order to keep in front of its competitors who will eventually catch up with them. Thus companies which don’t continue to introduce new products run the risk of becoming irrelevant to the marketplace. Markets and industries are changing so rapidly that 40% of the Fortune 500 companies that existed in 1975 do not exist today.

New product development is an important aspect of the competitive environment. If existing companies don’t launch new products, it is most likely their competitors will gain advantage in the marketplace, which will eventually erode the company’s position in the marketplace and later effect revenues, profitability and survival. New products are a strategy that companies use to introduce enhancements into the market so they can claim benefits over their competitors. Today on average, new products (those introduced into the market within the last 5 years) represent 33% of a company’s sales. In some markets, mobile phones, televisions, white goods, automobiles, etc., this figure is 100%.

While new product development is one of the most important aspects of competitive strategy, it is also one of the riskiest. New product failure rates have risen from 45.6% in 1961 to over 80% today. This is compounded by the small firm’s lack of resources, time, technology and expertise to research new ideas and innovations to develop the business.
SMEs are even more limited in their strategic options because of their inability to influence the environment and marketplace, due to their size like larger companies.\textsuperscript{164} Restricted by lack of knowledge,\textsuperscript{165} the entrepreneur requires specific strategies and processes to take account of these weaknesses and navigate its birth and growth in a focused way, to adapt to rather than change the environment and marketplace.

11. New Product Development – Not Invention

Many people relate new product development to invention. However invention only makes up a small part of new products and less than 2\% of all patents are actually commercialized. Inventors are usually good at developing ideas into concepts and tangible items, but not all inventions satisfy consumer wants and needs. It is particularly difficult for an inventor to successfully develop a product in the market by themselves because of the tremendous resources needed to develop the market to make consumers aware and educate them about the new product. Many inventions, although novel, fail to solve any real consumer needs, or fail to satisfy them effectively and thus fail to gain much interest from consumers. An invention will remain a conceptual idea without innovation. It is only really a starting point in the innovation process which is concerned about turning the idea into a practical and commercial application. Inventions involve creativity, which is only part of the whole product development process as explained by Myers and Marquis\textsuperscript{166} ….”Innovation is not a single action but a total process of interrelated sub processes. It is not just the conception of a new idea, nor the invention of a new device, nor the development of a new market. The process is all these things acting in an integrated fashion”. One of the major reasons behind Thomas Edison’s success was because he was able to develop uses and a market for his inventions.

Some innovations are radical and lead to great changes in the lives we lead as did the products\textsuperscript{167} listed in table 4 to our society. But many inventions have come by accident\textsuperscript{168} and it took innovation to determine potential commercial applications. These examples show that the majority of these innovations are developed by organizations rather than individuals due to the need of large resources and technical knowledge. Technical and product innovation often leads to other forms of innovation such as organizational change to effectively implement the firm’s strategies based on new products developed into the market place, as can be seen in the communications and air transport industries.

\textbf{Table 4.} Breakthrough Innovations That Changed Our Lives
12. Entrepreneurship Does Not Necessarily Create Economic Growth

As we have clearly seen, entrepreneurship does not always bring innovation and as a consequence does not contribute to economic growth. Entrepreneurs are far from the heroes of capitalism as Alfred Marshall suggested. The majority resemble more the survivors of capitalism. Entrepreneurship does not necessarily drive economic evolution, and it is questionable whether entrepreneurship is a major source of innovation.

The Global Entrepreneurship Monitor Thailand Executive Report states that the prevailing form of entrepreneurship in Thailand is opportunistic. Most of the entrepreneurial ventures in Thailand are small and focus on the consumer service sector in retailing, restaurants, and personal services, such as health and beauty services. However like the rest of the region, these businesses are the prime source of income of most entrepreneurs and operated for the purpose of earning a living. Local entrepreneurs select an activity that is very locally orientated suggesting that they are opportunistic in the limited sense of the word. There is little value created by these ventures and in most cases proprietor incomes are smaller than what they would earn working for others, if they were skilled.

Entrepreneurship creates less employment than many people think. Self employment in the United States has been declining for decades and in 2003 was 7.0% of the total workforce. Self employment in OECD countries has steadily declined from 1996 to 2006, with the OECD average declining from 19.2% to 16.5%. From data provided by the Global Entrepreneurship Monitor 2011 Global Report it can be seen that less than 2% of firms in most countries expect to provide more than 20 jobs, about the same percentage 5–19 jobs, with the overwhelming majority of firms expecting to employ between 0–4 people.

According to research most entrepreneur incomes are lower than what they would earn working for someone else, with less benefits, and
longer hours of work.\textsuperscript{177} This is logical given that most entrepreneurial ventures enter into highly fragmented, localized markets, with no source of competitive advantage, as discussed in the above sections of this paper. Not only is the average entrepreneur earning less than their salaried counterparts, but income is spasmodic. Income varies from day to day, week to week, month to month, and year to year. Consequently there is a good chance that a person and their family will drop down into a lower socioeconomic group during their tenure as an entrepreneur.\textsuperscript{178} In developing economies many owner operator firms are seen as part of the marginal informal economy. There is also little chance that an entrepreneur will be able to sell his or her business and make any substantial capital gain. Therefore many countries over the next few years will face the problem of how to support elderly populations with little means to survive. On the whole, starting a business will make a person and their family relatively worse off than if they were working for someone else.

Most SMEs have a low propensity to export. In the United States only 30\% of SMEs export to Canada, Mexico, China, and Japan; items like computers, electrical goods, machinery, chemicals, and transport equipment. The SMEs active in export tend to be the larger ones employing over 20 people.\textsuperscript{179} According to Global Entrepreneurship Monitor data there is a low level of firms exporting, particularly in the factor driven and efficiency driven economies. Countries where overseas customers make up less than 10\% of a firms customer base include Bangladesh, Guatemala, Venezuela, Iran, Brazil, China, Argentina, Russia, Mexico, Thailand, Malaysia, Barbados, Trinidad & Tobago, Columbia, and Peru. Some countries like Romania, Croatia, Singapore, Belgium, New Zealand, and the United Arab Emirates have over 30\% of their SMEs firms with export customer bases over 25\% of their total customer base.\textsuperscript{180} It appears that countries with small domestic market bases tend to be more export orientated. In addition companies that produced regionally based specialties\textsuperscript{181} or innovative products\textsuperscript{182} were also at an advantage. Another factor that assisted SMEs to export was prior experience in the industry.\textsuperscript{183} Proprietors with experience were more willing to allocate time and resources to developing export business.\textsuperscript{184}

Due to the low profitability of SMEs there is little reinvestment thus insuring that firms remain with a low technology base. As a consequence very few SMEs transform into something bigger and better in the future. This can be attributed to SMEs entering non-attractive, low growth industries, resembling the present mix of industries, \textit{i.e., no product and economic evolution},\textsuperscript{185} high levels of competition, competing on price,\textsuperscript{186} using resources inefficiently,\textsuperscript{187} and haphazard management.\textsuperscript{188} With these
images of SMEs the concept of Schumpeter’s ‘creative destruction’ is not apt here. It is more a case of ‘enterprise stagnation’ with SMEs having undifferentiated products, locked in small fragmented markets with little ambition for growth and marginal income ability.

13. Entrepreneur Education:
Teaching the Myths Rather Than the Realities

There is no doubt that entrepreneurship is one of the fastest growing areas in education at many levels. Therefore it is worth making some comments about this ‘growth industry’ before concluding this paper.¹³⁹

Business schools and other vocational institutions take many different approaches to the teaching of entrepreneurship. To fit in with the traditional style of lecture based learning many courses are really teaching about entrepreneurship, rather than teaching entrepreneurship.¹⁹⁰ This is still done in a rather detached and clinical way following prescribed curricula that resemble a general management course with a business plan and some creativity exercises for good measure.¹⁹¹ Many courses provided in developing countries still have a small business and management core.¹⁹² Course curriculum is shaped in the mold of the media made myths of hi-tech and high-growth entrepreneurs.¹⁹³ This has been assisted through specific entrepreneurship textbooks that have evolved over the last 15 to 20 years.

One of the difficulties of teaching entrepreneurship is the diversity of entrepreneurship itself. Entrepreneurship covers so many activities which all have certain specific requirements and sets of tacit knowledge needed within different industries.¹⁹⁴ Any general course on entrepreneurship would struggle to cover more than a few different activities, and thus be only marginally relevant to the specific needs of students.¹⁹⁵ In addition people attending these courses come from a range of diverse backgrounds and different levels of experience, which is not generally catered for in entrepreneurship education with the ASEAN region.

The high level of tacit knowledge in entrepreneurship leads to another dilemma. It is extremely difficult to teach tacit knowledge through traditional classroom formats.¹⁹⁶ Experimentation in pedagogy in many developing countries is far behind the developed world. Therefore methods that are more applicable in transferring tacit knowledge like action and experiential learning are used sparingly. Further, entrepreneurship is a very emotional phenomenon and been sadly neglected in many curricula. Very few instructors have any first-hand experience in the emotions involved as they have no entrepreneurship experience. This is particularly important when there are a number of
emerging ‘feel good’ activities, i.e., competitions, entrepreneurship weeks, incubators, etc., revolving around entrepreneurship education that may give wrong impressions about the real challenges and potential hardships of entrepreneurship today. Teaching methodology and activities in the area of entrepreneurship requires focus in developing countries over the next few years.

Business schools through the curricula they adopt are adhering more to the myths rather than realities of entrepreneurship. Literature in developing countries is primarily US based which reflects the needs of a post industrial society rather than a developing economy. US textbooks are based on the assumptions of the US secondary school system which is very different in content and method than schools in developing countries. In addition the types of industries and contemporary issues are different in both regions. It is disappointing to see curriculum in developing countries based upon US textbooks, where abundant local content is available.

Entrepreneurship has become seen as a ‘quick fix’ in providing a career. Business schools in developing countries have structured curriculum in a way that may build false hopes within student cohorts. For example subjects like entrepreneurial finance and business plan give students the impression that institutional finance is accessible, where current practice in developing countries is extremely lending risk averse and primarily collateral based lending. Business schools teach the paradigm of growth where clearly research reviewed in this paper shows that the majority of entrepreneurs are not seeking to develop high growth business models.

Business schools in countries like Malaysia lock student cohorts into the old paradigms of relying on government assistance in start-ups thus advocating a sense of dependency rather than independency. The hang-over of management still influence entrepreneurship courses. Many entrepreneurship courses advocate market research through focus groups, which are not suited to new to the world products. Business plans are almost always at the central core of any curriculum where there is little evidence that planning leads to success in entrepreneurship. Perhaps business models with an emphasis on opportunity development, evaluation, resource identification and gathering, skill development, network building might be more worthwhile areas to spend valuable class time on. Where elements of creativity are added to a course, tools like Edward De Bono’s Six Thinking Hats are introduced with very little application to the real world problems that an entrepreneur might face. Examinations are still focused on testing memory and intelligence where it is creativity the potential entrepreneur really needs.
One of the biggest tragedies of entrepreneurship education is very little if no focus is given to various technologies that a potential entrepreneur will require in a new business. The acquisition of technology is one of the greatest difficulties SMEs in developing countries face and little is done within the education sphere to solve this problem. A graduating student may have acquired some general business skills but has little or no knowledge or access to the means to acquire the knowledge to develop a farm, a small engineering shop, a food manufacturing operation, or a cosmetic manufacturing operation. There is indeed a strong argument here that the responsibility for entrepreneurship education should be outside business schools and within schools that teach technical disciplines such as science, engineering, food technology, and agriculture. One can see around the ASEAN region that it is the non-business schools that show innovation with their outreach programs while business schools fall into the trap of cashing in on their BBA, MBA, and now DBA programs.

This leads onto a comment about research. So much entrepreneurship research is published around the world in so many journals. With the advent of ‘checkbook academia’ with ‘pay to publish’ research, one must ask the question: What contribution is all this research really making to the phenomenon of entrepreneurship? One has to fear that some research is just making something straightforward complex and creating a discipline that is akin to an ivory tower mythology. Entrepreneurship is contextual, situational, and indeed a cultural pursuit. Results will differ according to these variables, but what contribution are these results making to our knowledge of entrepreneurship?

Finally, what are the goals of business schools in developing countries? Is it to create new entrepreneurs in the image of existing entrepreneurs? Is it to develop the nouvelle entrepreneurs that will advance the country just like the long list of entrepreneurs did in the Americas and Europeans during the industrial revolution? Or is it to teach about entrepreneurship, do some academic research and contribute to the growing mythology of the entrepreneurship discipline? Alternatively higher education and vocational institutions in developing countries can reflect upon their own needs, contexts, and situations, develop curriculum based on these needs and disseminate this new knowledge through action and participatory action research programs to the people who really need it.

14. Conclusion

The entrepreneurs and enterprise we see in the media and read about in biographies are the exception to the rule, far away from the average, contributing to the myth we know as entrepreneurship. To this argument
the definition of entrepreneur and entrepreneurship is extremely important. The validity of the comments of this paper depend upon the definition. However if the author’s comments are dismissed as being related to small business and not entrepreneurial enterprises then according to statistics presented here entrepreneurship is actually an extremely rare commodity. There are actually very few entrepreneurs who can be described as innovative visionaries and the few hundred that are, have been written about time and time again.

Based on the above discussed misconceptions of entrepreneurship:

a) Many countries have incorrectly developed their economic policies towards entrepreneurship and development. As competition is price based and doesn’t add value to the economy, employment other than the proprietor is rare, and most of the pursued opportunities don’t require value adding strategies, other than replicating another’s idea, and not increasing any diversity to the economy, entrepreneurship actually tends to reallocate income rather than add value to the economy.

b) Have developed misguided perceptions and images about entrepreneurs just like we have developed misguided perceptions and images the shape of the human body through media advertising and glorification, and

c) Incorrectly dubbed this the entrepreneurial century when in fact this is more like the century of the corporation.

However all is not negative. Entrepreneurship has made contributions to our community shaping the way we live, providing part of our culture. From this point of view there may be real value. This maybe an important part of the new paradigm of business needed to meet the declining growth scenario assailing post industrial societies. The types of decentralized enterprises that E. F. Schumacher talked about so many years ago may be one of the solutions. The current profile of enterprise does go some way to fit Schumacher’s profile, alas, currently in an interrelated network of individuals, not yet in collective manner that he foresaw. In this paradigm of entrepreneurship the need for lifestyle will become the most important criteria of success, rather than profitability and productivity. This means rewriting entrepreneurship curriculum in a drastic manner.

Further, if we accept entrepreneurship as a behavior, then entrepreneurial behavior is more related to creativity than it is to intelligence; entrepreneurship can therefore be taught. Entrepreneurship will no longer be based upon innovation but on value – value for both the consumer and the members of the enterprise. Therefore education curriculum will need to focus on creating value through offering alternative business models rather than the traditional business tools that
the MBA graduate is familiar with. In the end, entrepreneurship is a narrative of travelling through life and needs to be seen that way.

NOTES AND REFERENCES


2. Entrepreneurship is suggested as the engine of growth for an economy. There is a great amount of literature on entrepreneurship and regional where much of it claims that entrepreneurship, 1) promotes capital formation, 2) creates regional development, 3) promotes balanced regional development, 4) reduces the concentration of economic power, 5) creates wealth and distributes it more evenly, 6) increases gross national product and per capita incomes, 7) induces backward and forward linkages, 8) facilitates overall development, and 9) acts as a catalytic agent for change. Audretsch, D. B., Keilbach, M. C., & Lehmann, E. E. (2006), Entrepreneurship and Economic Growth. Oxford, Oxford University Press; Miles, R. E., Miles, G., and Snow, C. C. (2005), Collaborative Entrepreneurship: How Communities of Networked Firms Use Continuous Innovation to Create Economic Wealth. Palo Alto, CA: Stanford University Press.


4. An entrepreneurial mindset could be made up of a number of socio-psycho factors which influence opportunity recognition and behavior. These facets or personal paradigms include a person’s alertness, motivation, prior knowledge, strategic outlook, creativity, propensity to action, talents and abilities, and interpersonal skills. These are interrelated to a person’s sense of self, ego, encoded assumptions, beliefs, and values, expectations, goals, and other restraints. These facets will be influenced by external events, perceptions, feedback from current actions, and motivational triggers based upon the strength of the gap between a person’s present situation and vision. For a deeper explanation see: Hunter, M. (2012), Opportunity, Strategy, & Entrepreneurship: A Meta-Theory, Vol. 1. New York: Nova Scientific Publishers, 322–327.


6. It is not uncommon for shareholders to dismiss a founder CEO from his/her position, even where the company was formed from this person’s ideas and they
were responsible for the company’s early successes. One example is in Australia where Jim Penman, the founder of the highly successful Jim’s Mowing Group, which owned 28 different franchises, faced being forced out of the company through a franchisee referendum, resulting from a class action.

7. This can be clearly seen in countries like Australia, New Zealand, Britain, Italy, US Congress majorities and the Presidency. In East Asia the KMT Government was defeated a few years ago by the opposition, only to return again in another election. In Japan the LDP Government which ruled for the last 50 years was defeated by the opposition.


9. Bardwick, ibid., (27) explains pseudowork as forming committees to examine issues, holding meetings, where the appearance of being busy is all that is important. Long reports which nobody reads are prepared and follow up rarely occurs. People lose sight of what is important and success in the marketplace is of secondary importance. Pseudowork is preoccupied with meeting schedules, rules and procedures.


12. Foster and Kaplan showed in their study, the turnover rate of S&P companies is nearly 10% where a firm may survive in the S&P 500 list for no more than 10 years. Therefore by 2020 around 75% of companies on the S&P list will consist of companies we don’t know today. These will be new companies that have aligned themselves with newly discovered opportunities. Thus competitive advantage in an industry will depend upon how well a company’s goals, strategies, networks, organization and business models, skills, competencies and technologies and resources are aligned with the identified opportunity. Older companies formed around an opportunity identified in the past will tend to be aligned with that past opportunity. But the opportunity itself slowly drifts as consumer tastes evolve, demographics change, and technologies evolve, etc. Foster, R., and Kaplan, S. (2001), Creative Destruction. New York: Currency.


14. On average, new products (those introduced into the market within the last 5 years) represent 33% of a company’s sales. In some markets, mobile phones, televisions, white goods, automobiles, etc., this figure is 100%. Foster, R. N. (2000), “Managing Technological Innovation for the Next 25 Years,” Research-Technology Management 43(1): 20.


35. However people with an internal locus of control may believe that fate and luck have a great influence in their lives and take action based on these beliefs. Likewise a person with a strong internal locus of control may undertake strategies that have little or no realistic chances of success due to overwhelming competition
and other odds against success. Therefore locus of control cannot necessarily predict behavior and reactions of people.


44. There are in fact about 5000 traits that make up a person’s personality. Not more than half a dozen of these traits have been examined about causality with entrepreneurship. Personalities are very complex and most psychological profiling methods measure them simply missing much of the depth of a personality. Thus personalities really cannot be accurately understood through a 5 or 7 point scale, etc, as a personality is made up of thousands of traits or attributes which vary in influence according to time of day, mood and situational occurrences. What even makes personality more difficult to understand is that a person’s ‘self-view’ may be very different to what they portray to the world, i.e., an attention seeker shows grandiosity but may have a very low self-esteem. Our general surface observation of a person can only see what that person wants us to see and what they want to be, rather than whom they are.


62. There is no agreed definition of entrepreneurship. For the purpose of these arguments we are interested in behavior towards exploiting opportunities through selected strategies.


82. However as we have seen the relationship between our traits, psych and behavior is extremely complex.


89. This is one area where entrepreneurial thinking may be very different from management thinking. An entrepreneur without perfect information will act on intuition and hunch. Any analysis will be mental rather than through formal processes which managers in a company situation will tend to follow. Management analysis of new ideas will tend to frame the questions: *What is wrong with the idea? Why should it not be exploited? What will be the potential problems?*, etc. Thus analysis can become a very negative paradigm in management preventing new ideas emerging into new strategies.


104. Priming occurs when an earlier stimulus influences a response to a later stimulus. For example, a person watches a television program the night before on conservation of forests. The next day someone asks the person for their views on conservation. It is likely the person will give views and ideas that originated from the program on conservation the night before. This is assuming the person does not already have any strong views on the subject.


108. Many people mistake their aspirations for opportunity. For example people put their money and effort into a boutique, restaurant, or spa for the wrong reasons because they like fashion, shopping, food and cooking, or aromatherapy and massage, only to close down a few months later because there was no real opportunity.

109. However a future orientation in imagination may be the actual position that a science fiction writer may cherish.


112. Expansion often requires a firm to take risks and enter parts of the market that have marginal revenue potential than the current areas the firm occupies. This can be seen in the expansion of many Malaysian family owned supermarket groups where a financially solid group of 3 or 4 supermarkets can come under cash-flow strain because the family opened another outlet in a marginal market. If this problem is not quickly remedied by closing the new outlet, the cost of overheads eats heavily into the cash-flow of the financially healthy outlets.


123. According to Kleinschmidt and Cooper, about 10% of new products launched are *new to the world products*, which increases to around 18% in moderate to high tech industries. *New product lines* are about 26% of new products, but much higher at 37.6% in moderate to high tech industries. *Additions to product lines* are around 26%, but dropping to 18% in high tech industries. *Product changes and improvements* are around 26% of new products, 19.8% in moderate to high tech industries and *product repositionings* are 7%, but almost non-existent in moderate to high tech industries. Thus, the majority of new products are developments and variations based on existing products. Kleinschmidt, E. J., and Cooper, R. G. (1991), “The Impact of Product Innovativeness on Performance,” *Journal of Product Innovation Management* 8: 240–251.


135. The process of extrapolation can deliver wide and varied results depending on the methods and assumptions used. Forecasting methods although will tend to bring similar results heavily depend upon the assumptions used. For, example, how far does one go back in history? What part of the growth is extrapolated? – the average rate of growth? – the increase in the rate of growth? Or – the annual increment of growth in absolute terms? What is used is a matter of judgment.


139. Companies like Wang Computer actually closed down.


142. *Balanced Score Card* captured the imagination of the business community, but didn’t guarantee the right variables were selected to improve the company. In addition events in the external environment will influence the results of *Balanced Score Card*. See: Schneiderman, A. M. (1999), “Why Balanced Scorecards Fail,” *Journal of Strategy Performance Measurement*, Special Edition, 6–9. *Blue Ocean Strategy* is an excellent descriptive method to explain successes in the past, however its use as a prescriptive theory has been limited. Read a number of critiques here: http://twoscenarios.typepad.com/citizen_strategist/3_a_critical_look_at_blue_ocean_strategy/index.html


189. The author must declare that he is talking from the perspective of his domicile within the developing ASEAN region although many of the above comments are also relevant to entrepreneurship education in post industrial societies.


203. Signs of the corporate century could include; the concentration of retailing, the concentration of banking, corporations that are financially larger than sovereign nations, many industries now dominated by multinational corporations, the concentration of brand ownership, and heavy emphasis on firm control of the supply chain.


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