ENTREPRENEURSHIP DEVELOPMENT: A SYNTHESIS
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Abstract
This paper aims to synthesize the development of entrepreneurship with an analytical approach. After the theoretical framework, the term entrepreneurship is conceptualized with the analysis of the characteristic features of an entrepreneur in relation to the managerial roles associated with the five stages of the life cycle of a firm. This is followed by the presentation of a catalogue of factors that aid the development of sustainable entrepreneurship.

Keywords: Foreign investment, knowledge gap, learning, entrepreneurship

Introduction
One of the roots of the continuing economic backwardness of most under-developed economies of the world can be traced to the over pro-longed sojourn of foreign private investment in them. Private investment is conceived here as a “package deal” consisting of finance, techniques of production and managerial skills. The predatory and exploitative orientations and activities of foreign monopoly capital, its inherent tendency to resist and hamper local industrialization and to perpetuate mercantile capitalism and above all, its determination and deliberateness to retard the growth of indigenous entrepreneurship have influenced, substantially, the development of most under-developed economies for well over a century.

The performance of any economy depends to a great extent, on the ability of the government of that country to mobilize all resources including knowledge resources at its disposal and turn them into value –creating activities. More specifically, an economy’s pace of development is enhanced by its ability to learn and take risks which is an aspect of entrepreneurship. This means, in other words, that entrepreneurship is a process of learning, risk taking and knowledge accumulation. Learning alters the manner in which the individuals and organizations see and interpret their capability and identify knowledge gaps in the way a particular good is produced and service rendered. Individuals in an attempt to introduce or amend a method or process of manufacturing something have to identify their strategic knowledge gap. A country needs this particular stock of knowledge to break through to promote its economic growth (McDonough, Zack, Hsing- ErLin, 2008) While both internal and external learning could be effective options to close a knowledge gap (Kafouros, Buckley, Sharp & Wang 2008), most developing economies did not have the opportunities to use either of the learning processes in the fifties and sixties because they were both politically and economically dependent on the economies of their imperial masters. The political and economic powers of the imperialists positioned them to dictate the mode of resource mobilization and their use for economic transformation in the colonies. While the transfer of both technological and market knowledge across borders would have assisted the developing countries to develop their indigenous entrepreneurship, such transfer to them was however denied or restricted.

The attainment of political independence by many developing countries especially in Africa brought changes in the climate of foreign investment. Foreign investment then had to operate in an environment in which the major pre-occupation of the government was with the attainment of rapid and sustainable development. Consequently, there was the enactment of new foreign investments regulations, the adoption of economic policy regarding foreign investments and the creation of new bureaucratic structures to administer these new laws and policies. The new measures ranged from acquisition of majority interest in the equities and assets of local subsidiaries of foreign companies, joint venture and indigenization to outright expropriation or nationalization. The goals of these new efforts by governments were:

i. To decrease overall participation of foreign
companies in the local
economy.
ii. To increase government participation and control of the economy.
iii. To increase host country’s participation in management of the economy and thereby increase indigenous entrepreneurship.

Theoretical framework and conceptualisation
Entrepreneurship was studied by Joseph Schumpeter and other Austrian economists such as Carl Menger, Ludwig Von Mises and Friedrich von Hayek in the 1930s. The term “entrepreneurship” was coined around the 1920s, while the loan from French of the word “entrepreneur” dates to the 1850s and gained currency around 2010 in the context of disputes which erupted in the wake of the Great Recession. Entrepreneur is a loanword from French and is defined as an individual who organizes or operates a business or businesses. While the credit for (coining) the term entrepreneur is usually accorded to the French economist Jean-Baptiste Say it is known to have been defined first by the Irish-French economist Richard Cantillon in his Essai sur la Nature du commerce en General, or Essay on the Nature of Trade in General in 1755.

While there are no specific and agreed definitions of entrepreneurship in the literature, there appears to be a consensus among scholars that it constitutes the bedrock of the industrialization of every economy and a catalyst for its growth and development.

Entrepreneurship has been defined as:

i. A force of “creative destruction” whereby established methods of doing things are destroyed by the creation of new and better ways to get things done (Schumpeter, 1934);  
ii. An orientation towards seeing (and acting on) opportunities regardless of existing resources (Stevenson & Jarillo, 1990);  
iii. A practical creativity that combines resources and opportunities in new ways that have to do with the application of personal qualities, finance and other resources within the environment to achieve business success (Peter Mavis, 1992) 
iv. An activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing market processes and new materials through organizing efforts that had not existed previously (Shane, 2003) 
v. The process whereby an individual or group of individuals uses organized efforts to pursue opportunities, to create value and grow by fulfilling wants and needs through innovation and uniqueness, no matter what resources are currently available (Coulter, 2006)

The definitions above portray entrepreneurship as a conglomeration of activities which involve innovation and diversification, value creation, identification and exploitation of investment opportunities, investment planning, new firm formation to open the gate for employment opportunities or self employment. The acts of entrepreneurship are often aligned with uncertainty, especially when it has to do with bringing something really novel to the world whose market does not exist. Even if a market already exists, there is no guarantee that a market exists for a particular new player in that business. The issue of uncertainty which in essence is risk in business has been amplified by Knight (2005). He identified three types on risk which are: (i) Risks which can be quantified or capable of being measured (ii) Ambiguity which can not be quantified, i.e measured statistically and (iii) True uncertainty or Knightian uncertainty.

However, while ability to take risk is a characteristic of entrepreneurship, it is not the only one. Numerous attempts have been made in the past to categorize those individuals who become entrepreneurs. Such efforts have been relatively unsuccessful. Inability to identify the characteristics associated with successful small-business owners is probably due, to a large extent, to the range of roles that the entrepreneur must perform in the life cycle of a specific business.
Some indication of the shape of the life cycle curve in relation to the role of entrepreneurs is given in Figure 1.

![Figure 1: Managerial Roles Related To The Life Cycle Of The Firm](image)


While little evidence of a factual nature exists to substantiate the role characteristics presented here with the five portions of the life cycle curve, some individuals have speculated about such characteristics. Characteristics often associated with the originator/inventor entrepreneurship stage are a willingness to take risks, self confidence and a degree of specialization. The characteristics generally associated with the planner/organizer state are the ability to define objectives and to make decisions, a commitment to getting results and the ability to test reality.

The characteristics usually associated with the developer/implementer and administrator/operator stages are the abilities to select, motivate and develop people and to be a generalist (Hollingworth, and Hand (1979) The different portions of the life cycle with their characteristics are discussed as follows:

Originator / inventor (entrepreneur) role characteristics
Entrepreneurs are individuals who create some sort of innovative economic activity that did not previously exist. They provide goods through new businesses or by attempting to revitalize existing businesses. Entrepreneurs share some common characteristics when they begin a venture: enthusiasm, a concern for people, integrity and a commitment to their firm. They perceive the world optimistically. As one successful entrepreneur states: “Success comes to those who see the glass as half-full, not half-empty”. True entrepreneurs are more than small-business owners. They build a firm and constantly seek new outlets for their energies. It is common for these individuals to be
involved with several innovative activities simultaneously.

Entrepreneurs also have a facility for dealing with people on a face-to-face basis. They have a product to sell, i.e. themselves—and they do it well. They sell themselves to potential investors, employees and customers. It is their personal promise to deliver which insures a sale. Such individuals are capable of imparting their enthusiasm to those with whom they come in contact; they spread a contagious feeling of success to those around them.

Most entrepreneurs have a high degree of integrity. Their word becomes a bond, a personal commitment. This allows the flexibility needed for success and the ability to hire others who supplement the entrepreneur’s weak points. The entrepreneur’s philosophy is that success is nothing more than picking an opportunity and then working it. Entrepreneurs are aware of the many opportunities available. Their major problem is selecting one and finding the time to exploit that opportunity. If they face a single problem, it is the fact that they cannot take advantage of all the opportunities open to them. The entrepreneur’s commitment is both psychological and financial. In many cases entrepreneurs have a great deal of difficulty separating their personal resources from those of the firm. The entrepreneur’s office is everywhere. As one entrepreneur puts it “when I drink coffee, the Board is in session”. The entrepreneur initiates the firm and maintains it. However, if the firm is to survive, the owner must supplement entrepreneurial enthusiasm with managerial skills to handle routine activity. Thus, the successful small-business owner is both an entrepreneur and a manager. The entrepreneurial side of this ownership is innovation with respect to the external environment and tends to initiate many projects. The managerial side must constantly act as the mediator between what the entrepreneur wants to do and what can actually be done. For example the entrepreneur does not worry about disasters until they are imminent. The manager begins planning for contingencies, the entrepreneur ends with such plans. The latter works better under a high degree of pressure whereas the former attempts to reduce ambiguity and pressure. In actual practice, few small-business owners completely fulfill both roles. Other characteristics of the originator/inventor role include:

Willingness to take Risks
Their high failure rate attests to the fact that small businesses are faced with many dangers. From a practical stand point, it is difficult to separate making a decision from accepting a risk. However, a characteristic of entrepreneurs is their willingness to accept these risks. They make decisions based on nothing but a hunch. True entrepreneurs are reasonably sure that the risk can be taken. They are confident that their commitment, their decision making ability, their health, their mental attitude, their energy level, and their profit motivation will carry them through.

Self–Confidence
Entrepreneurs often do not like to consider the possibility of failure. Rather, they feel that the opportunity is greater than the problem. They are confident that everything will work and that they have the personal resources to make it happen. This is a feeling that permeates the successful firm. When this happens, almost every one connected with the company feels successful. This self-confidence is also reflected in the entrepreneur’s ability to objectively appraise feedback, both positive and negative. Successful entrepreneurs have the ability to improve their businesses by applying this feedback. Typically, they don’t rationalize away poor performance. Successful entrepreneurs accept responsibility and don’t lay the blame for their problems on others.

Planner / organizer characteristics
Ability to make decisions
To operate an effective small business, the ability and willingness to make decisions is an absolute necessity. Much lip-service is given to decision-making and decision making techniques as if they are not processes. Few individuals have both the ability and the willingness to make decisions. Almost all of the important decisions, especially those that deal with the future have one major problem; there is never enough information. Effective entrepreneurs must be able to make major decisions with less information at their disposal than they would like.

Those who put off making a decision until they have “enough “ information either never make the
decision or make it too late to be effective. Many successful entrepreneurs indicate that they willingly make decisions with inadequate information, but with the full knowledge that they must make the decision work.

The successful entrepreneur must be able to make timely decisions. Typically, very little delegation of authority is found in a small business. As a result the small business owner’s day is filled with both large and small decisions. It becomes appropriate to delegate many of the small decisions as the business grows. However, change occurs slowly and often the owner continues to make all decisions, tending to limit the growth potential of the firm.

Orientation to results
Some people often complain that they have been very busy but never seem to accomplish anything. Such people fail to realize that activity is not the key: results are. The world does not reward attempts it rewards success. The entrepreneur must engage in productive work—not busy work—if the firm is to be successful.

Ability to Test Reality
Entrepreneurs have to reassess and reevaluate their actions constantly. One example of potential failure is the small business owner who has never formally appraised the market, but can tell you all about it. There was the case of an individual who was starting a business to sell solar heating units to home owners. When asked why he felt that it was a good business venture, he replied “with electric and gas prices increasing, it can’t miss”. He went on to say “The high initial costs for solar heating units will be overcome in less than twelve years at current costs for gas and electricity. One fact he had not appraised was the local real estate market. Homes in the more expensive areas, where he planned to market his product changed owners on the average of once every three years. The high cost of the Solar heating units, added to the normal sale price, was perceived by buyers to make the resale price of the house uncompetitive. Given the turn over, home owners could not recover their initial investment. This did not produce a good forecast for the business and he hasn’t sold one unit yet. He failed to test the market and distorted reality to fit his perceptions. This will neither make an entrepreneur effective nor a firm successful. Again, it was an attempt but not a successful one.

An awareness of the environment both within the company and outside it is extremely important to the success of an entrepreneur. Entrepreneurs must be effective reality testers. They must be aware of both the market and the means of servicing it.

Developer / implementer and administrator / operator characteristics
Selecting, Motivating, and Developing People
At this stage, the entrepreneur needs excellent skills in selecting and developing people. Successful entrepreneurs often select individuals who complement their own style. A very active, sales-oriented individual often selects an efficient manager for his firm. The efficient manager may be highly detail-oriented and able to run the day-to-day operations. This allows the owner to pursue outside sales without constant concern about the daily details. The owner should also be proficient at motivating people. Closely associated with this, entrepreneurs should be highly capable of distributing rewards. They must infuse those around them with enthusiasm. “Such individuals need to be surrounded by people who share their enthusiasm. “I would rather have one individual working with me than ten working for me”, is an often repeated phrase. Since entrepreneurs need to concentrate on success and optimism, they do not like to have people around them who are pessimistic or who constantly look at the possibilities of failure. If the individual cannot be motivated, that person cannot work long for the business.

Administrators also learn to motivate people outside their business. They motivate bankers and investors to lend them money and motivate customers to buy their products or services. Why can one individual walk into a bank with a well formulated business plan and not get a loan while another gets money on signature alone? As many lenders have stated: You can feel “success”. This is the successful entrepreneur/Manager’s trade mark.

Generalist Versus Specialist:
Small business owners are not only highly skilled technically, but they usually possess a minimum
level of expertise in their field. This expertise allows them to operate the business even though they may not necessarily be the most technically proficient individual in the company. An individual can operate a service station without being the best mechanic at the station. The entrepreneurial function here is attracting auto-repair trade; some-one else can service the cars. However, the service station entrepreneur must have the minimum expertise to judge the abilities of the mechanics and to hire people to service trade attracted to the station.

A generalist approach is an important ingredient at this stage in the life cycle of a business. The small business owner must be able to handle any sort of problem that arises. The owner of a small apartment complex recently related that in his two years of ownership he and his wife had learned to repair everything from clogged toilets to minor air conditioning problems. These skills were frequently learned during office hours when no other assistance was available; evenings, weekends and holidays. During the early phases of a business, it is important that entrepreneurs are competent and possess the self-confidence to handle most problems. As the business progresses and becomes more successful it may be of benefit to consider hiring specialists in technical areas.

Factors That Drive Entrepreneurship
One of the major forces that drive entrepreneurship is the Entrepreneurship Ecosystem. The elements of an entrepreneurship ecosystem are made up of individuals, organizations or institutions outside the individual entrepreneur that are conducive to, or inhibitive of the choice of a person to become an entrepreneur, or the probabilities of success after launch. Organizations and individuals that represent these elements are referred to as entrepreneurship stakeholders. Stakeholders are entities that have interest, actual or potential in there being more entrepreneurship in an area. Entrepreneurship stakeholders may include government, schools, universities, private sector, family businesses, investors, banks, entrepreneurs, social leaders, research centres, military, labour representatives, students, cooperatives, communes, multinationals, private foundations and international agencies.

In order to create sustainable entrepreneurship, the presence of just one element in the ecosystem is hardly sufficient. In regions with large amounts of entrepreneurship such as Ireland, Silicon Valley, Iceland etc. many of the ecosystem elements are strong and have evolved more or less simultaneously. Similarly, the formation of these ecosystem suggests that governments or societal leaders who want to encourage more entrepreneurship as part of economic policy must strengthen several such elements simultaneously. Isenberg (2010) proposes that entrepreneurs are most successful when they have access to human, financial and professional resources they need, and operate in an environment in which government policies encourage and safeguard entrepreneurs. This network is described as the entrepreneurship ecosystem.

The major characteristics of a healthy ecosystem are:

i. Operation within its own special environment; it does not claim or pretend to be what it is not;

ii. Operation in an environment with less bureaucratic bottlenecks with government support to meet the special needs of entrepreneurs and tolerance for failed ventures;

iii. Active encouragement of financiers to be involved in new ventures, but access to money is not without barriers for planners of new business ventures;

iv. Reinforcement but not creation from scratch by government, academic or commercial organizations;

v. Freedom from or ability to change cultural biases against failure or operating a business.

vi. Promotion or celebration of successes which in turn attracts new ventures;

vii. Encouragement of dialogue among the various entrepreneurship stakeholders.

In academic settings, entrepreneurship ecosystems generally refer to programmes within the university that focus on the development of entrepreneurs and / or the commercialization of technology or intellectual property developed at the university level.
Conclusion
Availability of entrepreneurship is critical to every economy’s growth. An inadequate level of entrepreneurial activity in any nation may mean an inadequate supply of opportunities perceived by individuals. Those who perceive entrepreneurial opportunities must possess some qualities which will make them successful entrepreneurs; in addition to these qualities, the entrepreneurship ecosystem must consist of human, financial and professional resources with government active support. If we want to understand how corporate ventures emerge, we need to understand how opportunities emerge. Organizations do not innovate. Individuals do. A nation’s entrepreneurial potential can be increased by increasing the quality and quantity of potential entrepreneurs within a country. This will increase the quality and quantity of opportunities perceived by the people within organizations. (Shapero, 1982, 1985; Kruger&Brazeal 1994).

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