

Differing perspectives of entrepreneurship

[Business](#), [Entrepreneurship](#)



Schumpeter can be identified as one of the first academics to put forward the notion that an entrepreneur was distinguishable from the rest of the community by certain traits. When considering this idea we must be careful to differentiate between small business owner and entrepreneurs as well as small businesses and entrepreneurial ventures, although there is an overlap. Different author attempt to identify different traits an entrepreneur may have, Mill (1848) points towards risk bearing propensity as a central trait whereas Schumpeter argues that because risk bearing is inherent in ownership it is not so, Brockhaus adds weight to the argument with his findings that there is no statistical link.

Schein's (1979) work attaches significance to creativity as does Martin (1982) who points out that entrepreneurial creativity is different to artistic creativity. The theme of innovation Schumpeter believes to be key, and it is from this he is able to declare that one is only an entrepreneur when carrying out innovation. Vesper (1980) draws from a wide variety of sources and concludes that there are different types of entrepreneur along a continuum and that the key is to identify which traits and their intensity at different points on the continuum.

The interests of the entrepreneur and small business owner when entering into their venture differ. Glueck (1980) highlights that the family firm focuses on what is in the family's interests such as careers for the family within the firm or family investments and these interests will over ride business interests, whereas the entrepreneur would use the best personal to achieve high growth. In an attempt to further define an entrepreneur Schumpeter identifies 5 criteria to classify an entrepreneurial venture. The decisive test <https://assignbuster.com/differing-perspectives-of-entrepreneurship/>

of these criteria would be if a new combination would be the end result thereby indicating innovation.

The conclusion of this discussion is that the entrepreneur innovates in some form or another in order to create profit. They are often characterised by traits such as goal-orientation, internal locus of control, need for independence, responsibility and power. However a small business owner establishes their business in order to further their personal goals and sees their business as an extension of their personality which will serve their family needs. " Who Is an Entrepreneur?" Is the Wrong Question

As early as 1969 Cole stated that there is no standard definition of entrepreneur and consequently the constant search for one has not providing an insight into entrepreneurship. The trait approach tends to view the entrepreneur as a personality type; a static concept. Hornday and Aboud studied a group of owner/managers several years after setting up a business. Would under the trait theory they still be classed as entrepreneurs? Many authors including, Brockhaus, Cole, Gould and Schumpeter have tried to define entrepreneurs using certain samples and noting the characteristics they exhibit.

This presents some problems; different studies use different definitions which are often vague and some times do not employ definitions at all. As a consequence of this the samples used differ enormously. Also the ranges of traits are so large that no one person could exhibit them all. In contrast to the trait approach the behavioural approach takes the view that it is more important to study the process of creating new ventures than who the

entrepreneur is. However the behavioural approach is hard to maintain as the person and the process are so closely related, as well as the fact researcher do not draw a clear line between the trait and behavioural perspectives.

For example Carland et al in Differentiating Entrepreneurs from Small Business Owners: A Conceptualization (1984) recognises that the entrepreneur is a separate role from an ongoing owner/manager but when it comes to differentiating between them they are hindered by the trait approach. One example of this is where Carland et al. try to define there roles. It is suggested that that small business owners aim to further personal goals whereas an entrepreneur is aims towards profit and growth. However is it not possible for the entrepreneur to further their personal goals through profit and growth of the venture?

These contradictions seem to suggest that the entrepreneur is not as intrinsically involved in their venture as the small business owner is. In addition the article draws upon Schumpeter's notion of what type of innovative behaviour the entrepreneur should exhibit. For example the entrepreneur could come up with a new innovative product or process in order to fulfil Schumpeter's criteria but would a new marketing campaign or research effort count? The Carland et al. article is further flawed by the use of many different studies by different authors which employ broad definitions and sometimes omit information on which exact industry the study focused on.

By viewing entrepreneurship as a behaviour or a process and not a virtue some people possess we are less hindered by the problems that surface in Carland et al., and if we see it as a behaviour or a process we can recognise that entrepreneurship ends when the creation stage ends. " Who is an Entrepreneur?" Is a Question Worth Asking In Gartner's critique of Carland's paper on 'Differentiating Entrepreneurs from Small Business Owners: A Conceptualization', he suggests that due to the fact there is no clear definition of an entrepreneur, scholars should not concentrate on trying to find one but instead look at the process of entrepreneurship.

In doing this Gartner takes issue with Carland et al. firstly he believes that it is correct to focus on creation whilst dismissing the idea of intentionality secondly he asserts that it is entrepreneurship not the entrepreneur that warrants study. However just because there is no universal definition of an entrepreneur, one cannot stop attempting to identify the entrepreneur. Gartner presents a reasonable selection of research data on entrepreneurship, and true these certainly are not homogenous or comparable.

However where Gartner saw this as an indication that trait research was too flawed to be used Carland saw it as an opportunity to highlight the need for a higher level of uniformity and with more uniformity this may bring about a deeper understanding of the entrepreneur. In response to the idea that because the operator and venture are so tightly bound they can not be separated Carland suggests that this simply means to understand one you

must understand the other, thereby stressing the importance of trait based research.

Gartner criticises Cartland for using the idea that an entrepreneur is in some form an innovator by implying that this is too vague and only adds confusions, but surely if this was an idea applied universally there would be some sort of uniformity in the result, instead of allowing each study to use its own definition. Psychologists generally agree that a person's personality is formed from a young age, and this personality will be what drives them in the rest of their lives, and although no two personalities will be the same, if there are recurring traits in entrepreneurs surely they require further study. Finally it is important to remember that the subject of entrepreneurship is a highly dynamic and complicated one that has no definitive answer.