

DELIGHT CONCEPT

COURSE CODE: ENT301

COURSE TITLE: SOCIOLOGY OF ENTREPRENEURSHIP

Highlight in clear terms why entrepreneurship was not seen as a desirable thing between 1960 and 1970 in Nigeria

The word "entrepreneur" or "businessman" did not actually represent desirable personalities in the 1960s and 1970s in the Nigerian nation inspite of the fact that the entrepreneurs obviously wielded financial power in their communities even in those early years. This was because the businessmen of those times were illiterates, socially unaware and perhaps hustlers, at a time when it was desirable to behave like any of the departing colonial English gentlemen - the educated bureaucrat.

This negative view of the early entrepreneur is not isolated. Evidence abound to show that the early entrepreneurs in other parts of the world were equally perceived in similar light. It has been indicated that to have been called an entrepreneur in the early part of the 1900s in United States, would have been cause for a fight, for, the ascription meant that the individual was overly aggressive and probably not trustworthy.

This early view was supported by initial research findings about the personality of the entrepreneur. Among these early studies, was one initiated at Michigan State University by Collins and Moore and reported in the *Enterprising Man* which was published in 1964. This study of 150 entrepreneurs saw entrepreneurs as people of little or no education and as organizational rejects who had difficulty throughout their lives playing the roles of employee and subordinate and could never stand the prevailing situations such as the unenviable positions they occupied in industry, their subordination to

authority figures, the support from others, and the dependence of their security upon forces outside themselves.

***Describe the finding of Collins and Moore regarding early entrepreneurship as written in the
Enterprising Man***

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Our study suggests that the carriers of the entrepreneurial values of our society tend paradoxically enough, to be those who are marginal to the established social networks.

They are those who for social, psychological, ethnic, or economic reasons cannot make a go of it in existing social structures.

Discuss opportunity-based entrepreneurship theory

OPPORTUNITY BASED ENTREPRENEURSHIP THEORY

An opportunity based entrepreneurship theory is perceived as situations in which new goods, raw materials, markets and organizational methods can be introduced and inject through formation of new

means, ends or means-ends relationship. It simply implies that opportunities for creating future goods and services are discovered, evaluated and exploited. Opportunity based entrepreneurship theory intended that entrepreneurial opportunities often have to be “created” by using the entrepreneurial imagination to embody human aspirations in concrete products and markets. The creative entrepreneurial act brings new realities and artefacts into existence parts of a market simply do not exist; they are, by definition, not present. At any point in time, many potential futures imaginable, based on more or less informed reflections which future will come into existence will depend on choices that are yet to be made. This suggests that entrepreneurial opportunities are endogenously formed by the entrepreneur through the process of discovery or creation. Opportunity based entrepreneurship are compounded by diversity in terminology namely; Economic opportunities, Marketing opportunities, Innovative opportunities and Business opportunities

List the factors that influence opportunity based entrepreneurial

Factors that influence opportunity based entrepreneurial

- i. Entrepreneurial alertness:** it is related to cognitive recognition of opportunity by prospective entrepreneur and preceded by a state of heightened alertness to information relevant, vital and crucial to the opportunity
- ii. Information asymmetry :** it concerned with information noticed and aware of with further mediation it trigger better recognition of the value which led to emanation of new information for entrepreneurial activates
- iii. social network:** this is concerned with making more and new social network that can be leverage on to project more possibilities in entrepreneurial process
- iv. Personality traits:** this is concerned with personal unique expounded trait and talent which is broaden by further individual development which serve as competitive edge in entrepreneurial endeavour.

Explain dream and other factors factor that influences resource-based entrepreneurship

Factors that influence resource based entrepreneurship

- i. ***Dreams***: This is concerned with the kind of creativity that envelope an entrepreneur as an inventors who are keen and interested in moving proprietary knowledge in a new direction or pushing technology past it current limits
- ii. ***Technology Transfer***: Opportunity development concerned with search for a for application of more than product and service development
- iii. ***Business formation***: This is concerned with opportunity development involves matching known resources and needs to form business that can create and deliver value
- iv. ***Problem Solving*** : The aim of opportunity development in this situation is usually the design of specific product / service to address an expressed market need

Discuss three Richard Cantillon's perspectives of an entrepreneur

1. Entrepreneur as a risk bearer

Richard Cantillon in 1725 introduced the term “entrepreneur” to refer to the risk bearing function in economics. He described the entrepreneur as the economic agent who buys factors of production at fixed prices. He thus, saw the entrepreneur as a risk bearer, indicating that merchants, farmers, craftsmen and other sole proprietors are all entrepreneurs. Others who saw the entrepreneur in the mould of a risk bearer include Francis Walker and Frank Knight, among others.

Francis Walker in 1876 separated profits of entrepreneur from profits of capital and Frank Knight defined the conditions borne by entrepreneurs as uncertainty which cannot be insured against and is incalculable. He drew a distinction between ordinary risk and uncertainty can either be calculated, insured, capitalized nor salaried. Knight sees the entrepreneur as an extra-ordinary economic functionary who undertakes the responsibility of uncertainty.

2. Entrepreneur as an organizer

Jean Baptise Say, a French industrialist, extended the functions of the entrepreneur to include organization (creation and management) of a venture. He emphasized that the entrepreneur combines the land of one, the labour of another and the capital of yet another to produce a product. As the product is sold, the entrepreneur pays interest on capital, rent on land and wages on labour and considers the remainder as profit. He thus separated the role of the capitalist as a financier and entrepreneur as an organizer. He also noted the obstacles, anxieties and misfortunes experienced by entrepreneurs in the course of organizing and managing their ventures and attributed success to good judgement, persistence and knowledge of the business world. Albert Shapero in 1975 supported the above view of the entrepreneur and added that the entrepreneur takes initiative, organizes social and economic combinations and mechanisms and accepts risk of failure.

3. Entrepreneur as an innovator

Joseph A Schumpeter in 1934 bequeathed the role or function of “innovation” to the entrepreneur in his book. *Theory of Economic Development*. Schumpeter also differentiated an inventor from an innovator, indicating that an inventor discovers new methods and new materials but an innovator utilizes inventions and discoveries to produce new combinations. This implies that innovators add value to the outputs of inventors, thus transforming them into marketable products and services. Much later by 1985, Robert Hirsch noted that the entrepreneur creates something different with value by devoting the necessary time and effort and assuming the accompanying financial, psychological and

social risks while receiving the resulting monetary and personal satisfaction. He thus, also saw the entrepreneur as an innovator who creates values.

A historical example of an early entrepreneur as a go-between is Marco Polo who established trade routes to the Far East. In reality, Marco Polo often signed contracts with wealthy men (venture capitalists) for money, and with this, the merchant-adventurer purchased article of trade and sailed off to sell his goods. While Marco Polo took active part in the trading, bearing all the physical and emotional return, Marco Polo got a percentage of the total profit, while the money lender received his (often a larger part of the profit)

State three functions of an entrepreneur

1. Entrepreneurs are innovative: This is exhibited in many ways among which are the perceptions of market opportunities, identification of new products or services, or product/service substitutes. The product or service may or may not be new but value must be added. Newness or innovativeness may come about in terms of superior delivery, better pricing, identification of a gap in need fulfilment and so on.

2. For the risk bearing component, entrepreneurship is a risky business. There are too many uncertainties. Your perception of market opportunities may be unrealistic. The new product may not be accepted by the market. The journey into entrepreneurship is laced with risks and uncertainties. The entrepreneur must be ready to assume risks in terms of money, time, other resources and the opportunity cost of a forgone career or employment.

3. The organizing and managerial function of entrepreneurship is perhaps the most important and the most difficult. Once product/market opportunities have been identified, the would-be-entrepreneur would have to assemble the factors of production and create the new enterprise which will in turn produce and market the product or service. This sub-function is too demanding. It requires

of the would-be-entrepreneur, a lot of determination, hard work, carefulness, good judgement and perseverance among others.

What is dumping? Briefly discuss how it has affected entrepreneurship growth in Nigeria

The Nigerian government allows the importation of too many products including low technology products which are presently manufactured in Nigeria. Sometimes, bans are placed on the importation of same on account of pressures from local manufacturers. Most often, the government lifts these bans after a short period of time thus leading to quick policy summersaults which are discouraging and destructive to the continuity of the local economy. Bans and high tariffs on foreign products which can be manufactured locally are effective instruments in the development of a strong local economy

Explain briefly the Research Evidence and Explanations for Dominant Profiles of entrepreneurs.

Research Evidence and Explanations for Dominant Profiles

1. Entrepreneurs can fall into any birth order. However, the oldest child in the family is more commonly the entrepreneur. The likely explanation is that parental expectations of the first child are high, and parental influence is also high as the first child (particularly males) spends some time alone with the parents before the other children are born.
2. Most entrepreneurs are men. This is the case in Nigeria, the US and Western Europe.
3. While ventures can be started at any age, most Nigerian studies including that of Okia-Anie, have shown that the modal age range for entrepreneuring is 30 to 35 years. This is supported by studies carried out in the United States of America.

4. Many contemporary studies have shown that the average entrepreneur is slightly more educated than the general population. This is the case in Nigeria and in many other countries of the world including the U.S.A. While many Nigerian studies have shown that most entrepreneurs in the organized private sector are holders of any of the post-secondary educational certificates, Nwachukwu found that about 80% of the entrepreneurs in the manufacturing and wholesale businesses in Nigeria attended the university.

5. The need for independence has usually featured prominently as a motivation for entrepreneuring. This implies that most entrepreneurs like to be on their own and are not comfortable, with authority figures.

6. A major ingredient for success in entrepreneurship is hard work. Money, connection, and good ideas are necessary but when the entrepreneur is hard working, the other factors become clearly apparant.

7. Entrepreneurs are obviously doers. They joyfully exert a lot of energy building, creating and doing. They fit more into the doer mould than they do in the planner or manager mould.

8. The level of risk acceptance by the entrepreneur is the moderate risk level. It is simply an over-statement to say that entrepreneurs are high risk takers. High risk takers will fail to win in many cases and this situation does not characterize the entrepreneur. Entrepreneurs are definitely not gamblers.

9. Entrepreneurs do not stand out in a crowd. They fit into the crowd.

They are ordinary people. There is no extra-ordinary physical presence.

10. The business interest of the entrepreneur is generally wide. They can create a' variety of ventures depending on their experience, background, and specialization.

11. A great majority of entrepreneurs have parents, (particularly fathers) who are or were self-employed. This is the report of many studies of entrepreneurship. Among them are those-of

Akeredolu- Ale, and Shapero. Shapero stated that 50. to 58% of company founders in a variety of studies in the Unites' States, 74% of Filipino manufacturing entrepreneurs, 80% of entrepreneurs in Kenya and 89% of those in Nigeria had self-employed fathers. He further posited that in spite of the hardship often experienced by the entrepreneurial father, the son frequently follows .his footsteps because, paradoxically enough, familiarity with the fact that obstacles have to be overcome in some way, has an assuring quality, and that, an early exposure to risk may increase one's tolerance to it.

12. Entrepreneurs report a strong relationship with their parents' (particularly their fathers). This strong relationship, regardless of whether it is a Love or hate relationship, is a prime motivation for the high need for achievement.

Several theories have been put forward by scholars to explain the field of entrepreneurship.

You are to state and expatiate four of those theories.

1. Psychological Entrepreneurship Theories

The level of analysis in psychological theories is the individual (Landstrom, 1998). These theories emphasize personal characteristics that define entrepreneurship. Personality traits need for achievement and locus of control are reviewed and empirical evidence presented for three other new characteristics that have been found to be associated with entrepreneurial inclination. These are risk taking, innovativeness, and tolerance for ambiguity.

2. Personality Traits theory

Coon (2004) defines personality traits as “stable qualities that a person shows in most situations”. To the trait theorists there are enduring inborn qualities or potentials of the individual that naturally make him an entrepreneur. The obvious or logical question on your mind may be “What are the exact

traits/inborn qualities?” The answer is not a straight forward one since we cannot point at particular traits. However, this model gives some insight into these traits or inborn qualities by identifying the characteristics associated with the entrepreneur. The characteristics give us a clue or an understanding of these traits or inborn potentials. In fact, explaining personality traits means making inference from behavior.

3. Locus of Control

Locus of control is an important aspect of personality. The concept was first introduced by Julian Rotter in the 1950s. Rotter (1966) refers to Locus of Control as an individual’s perception about the underlying main causes of events in his/her life. In other words, a locus of control orientation is a belief about whether the outcomes of our actions are contingent on what we do (internal control orientation) or on events outside our personal control (external control orientation).

4. Need for Achievement Theory

While the trait model focuses on enduring inborn qualities and locus of control on the individual's perceptions about the rewards and punishments in his or her life, (Pervin, 1980,), need for achievement theory by McClelland (1961) explained that human beings have a need to succeed, accomplish, excel or achieve. Entrepreneurs are driven by this need to achieve and excel. While there is no research evidence to support personality traits, there is evidence for the relationship between achievement motivation and entrepreneurship (Johnson, 1990). Achievement motivation may be the only convincing personological factor related to new venture creation (Shaver & Scott, 1991).

Identify and discuss the four social contexts that Reynolds (1991) identified in relation to entrepreneurial opportunity.

Reynolds (1991) has identified four social contexts that relates to entrepreneurial opportunity. The **first** one is social networks. Here, the focus is on building social relationships and bonds that promote trust and not opportunism. In other words, the entrepreneur should not take undue advantage of people to be successful; rather success comes as a result of keeping faith with the people.

The **second** he called the life course stage context which involves analyzing the life situations and characteristic of individuals who have decided to become entrepreneurs. The experiences of people could influence their thought and action so they want to do something meaningful with their lives.

The **third** context is ethnic identification. One's sociological background is one of the decisive "push" factors to become an entrepreneur. For example, the social background of a person determines how far he/she can go. Marginalized groups may violate all obstacles and strive for success, spurred on by their disadvantaged background to make life better. The **fourth** social context is called population ecology. The idea is that environmental factors play an important role in the survival of businesses. The political system, government legislation, customers, employees and competition are some of the environmental factors that may have an impact on survival of new venture or the success of the entrepreneur

An opportunity based entrepreneurship theory is perceived as situations in which new goods, raw materials, markets and organizational methods can be introduced and injected through formation of new means, ends or means-ends relationship. State the factors that influence this theory.

Factors that influence opportunity based entrepreneurial

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Smith in 1967 opined that there are two major types of entrepreneurs. Identify and discuss them.

1) Craftsman Entrepreneur

He displayed narrowness in education and training, little social awareness and social involvement, a feeling of having little competence in dealing with the social environment and concerned with the present. The craftsman entrepreneurs according to Smith, ran rigid and conservative organizations of

the smallest types and had difficulty in introducing changes in the firm's customer mix, the product mix and production methods. Their businesses remained what they were when they were first set up. Production remained small and served the local market.

2) Opportunistic Entrepreneur

He is characterized by a higher level of education and training, high social awareness and involvement, high confidence and ability to relate to his social environment and possessed a futuristic orientation. These opportunistic entrepreneurs ran very adaptive firms that remained alert and responsive to environmental opportunities. They were found to readily achieve improvements in market size, product mix and production methods. They are often the growth organizations of the future.

Smith's typology is evidently a very practical one. It is operative in many economies, irrespective of the level of development. Entrepreneurs of the craftsman type in Nigeria can be found among the owners of such enterprises as hair dressing saloons, shoe mending, small tailoring establishments, small bakeries and the plethora of one-room stores of various descriptions found in Nigerian cities. These entrepreneurs usually have little or no education and their businesses fit the characteristics described by Smith. Their initial capital is often relatively low and the potential for corporate growth also low. They do not provide employment to many and can barely provide the monetary needs and comfort to its owners. This class of entrepreneurs constitute the greater percentage of private business owners in the less developed countries of the world.

The social profile of entrepreneurship is bordered on:

- ***Early views***
- ***Contemporary views***

Explain them in details

1. The Early Views

The word "entrepreneur" or "businessman" did not actually represent desirable personalities in the 1960s and 1970s in the Nigerian nation inspite of the fact that the entrepreneurs obviously wielded financial power in their communities even in those early years. This was because the businessmen of those times were illiterates, socially unaware and perhaps hustlers, at a time when it was desirable to behave like any of the departing colonial English gentlemen - the educated bureaucrat.

This negative view of the early entrepreneur is not isolated. Evidence abound to show that the early entrepreneurs in other parts of the world were equally perceived in similar light. It has been indicated that to have been called an entrepreneur in the early part of the 1900s in United States, would have been cause for a fight, for, the ascription meant that the individual was overly aggressive and probably not trustworthy.

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2. Contemporary Views

The old negative view of the entrepreneur has given way to a more modern perception. Today's Nigerian entrepreneur commands a high social position in both the city and the countryside. Research has shown that most owners of promising ventures in Nigeria hold a university degree. Researchers at Harvard and MIT in the United States have also seen the modern entrepreneur as those who had experienced a generally higher than average level of success in previous employments. According to

one account of the modern American entrepreneur, he represents the successful hard charging, young business executive or engineer and definitely not a reject figure

Discuss how genetics and environmental inheritance influence children ethics to become entrepreneurs.

Genetics and Environmental Inheritance

While we definitely agree that children genetically inherit parental characteristics, we also believe that these traits can be acquired at childhood during the developmental stages of the child. McClelland has shown that:

- (a) parents' high achievement standards,
- (b) encouragement and warmth in the home and
- (c) a non-dominating, non-authoritarian father, are the factors considered important in the development of achievement motivation in boys.

Encouragement of entrepreneurship is useful and has been practiced as a way of achieving economic development. There are reports on a number of world-wide programmes primarily developed to encourage economic development. Among them were the small scale industries developments. organization in India, project brazil in North-Eastern., Brazil, and' the minority enterprise programs in the United States of America.

There is evidence that business organizations have for long operated on the belief that entrepreneurial capability can be developed. Businessmen and business executives are known to attend or to send their bright employees to entrepreneurial seminars. Through the positive results in his training programs in India, McClelland has indicated that it is possible to develop achievement motivation in adults, and that the achievement motivation will lead to entrepreneurial activity.

Entrepreneurial ethics are central to success of an entrepreneur. How can an entrepreneur achieve this?

Entrepreneurial Ethics

Entrepreneurial ethics have become a major concern in the creation and management of new ventures. It concerns the entrepreneur's treatment and concern for customers, employees, community, trade associations and competitors, among others. Does the entrepreneur understand that customers are at the centre of his business? Does he know that the customer should have the stated quality on the product package and should not be deceived? Does he realize that employees deserve a chip of the burgeoning profit?

Oftentimes, entrepreneurs particularly the smaller ones in Nigeria, do not bother about ethics, fairness and the rights of customers, employees, competitors, community and so on. Concern for others is a virtue that must be cultivated by entrepreneurs. It is necessary for its own sake but it is also in the best interest of the entrepreneur to be ethical, for there is an iron law of responsibility which states that, in the long run, those who do not use power in a manner that society considers responsible will tend to lose it"

Once the market opportunities have been identified, the would-be entrepreneur faces the task of organizing and managing the enterprise. What are the organizing and managerial factors/functions to be considered in this regard?

For our convenience, the sub-functions of entrepreneurship are identified as follows:

1) Venture Opportunity Identification

This involves the act or process of identifying a product, service or idea that will constitute the venture. The opportunity may come in the form of a new product idea upon which an enterprise can be established from scratch. It can also come through acquisition or an existing venture or through franchising. This identification usually requires some form of foresight, creativity or innovation.

2) Venture Feasibility Analysis

The identification of a venture opportunity is not enough reason to start the venture without proper evaluation and analysis. Entrepreneurs usually undertake an analysis of socio-economic variables, the product market, resource supply issues and so on. The practical feasibility of the venture is always established before resource acquisition and venture creation.

3) Election of Ownership structure

Entrepreneurs usually decide on whether the venture should be a sole proprietorship, partnership, limited liability company or public company.

4) Determination of Objectives and strategies

Once the feasibility analysis is adjusted favourable, entrepreneurs usually delve into the determination of the objectives and the peculiar ways of managing their ventures. Issues to consider include-specific objectives to pursue, desired business size, growth strategies, how to serve customers and so on.

5) Production of the business plan

The business plan is very necessary and it is undertaken by entrepreneurs in the organized private sector of the Nigerian economy. Entrepreneurs consider entrance into business a risk. A roadmap to entrepreneuring is therefore essential.

6) Capital mobilization

No matter the size of the desired venture, entrepreneurs usually do not have all the money to start the venture. They therefore mobilize funds from banks, finance companies, venture capitalists, friends and relatives to complement their personal savings. The business plan is usually a veritable companion of the venture in the course of capital mobilization and venture creation.

7) Factory/office establishment

Entrepreneurs usually carefully choose their locations, build, buy or lease buildings or offices for their operations. This is a major task.

8) Resource procurement

Venture resources are carefully acquired. These include machineries, raw materials, consumables etc.

9) Staffing and organization

Having located the venture factory or office and procured machineries, materials and other necessary items, recruitment and staff placement is undertaken. The organization structure, authority and reporting systems are well streamlined to ensure smooth operations.

10) New venture management

Entrepreneurs are “alert and alive” in the management of new ventures. The mortality rate of new ventures is very high and therefore entrepreneurs usually ensure proper record keeping, employee motivation, financial control, marketing and sales control and other such necessary activities that are critical for the success and survival of the new ventures.

List the four (4) important descriptions of factors that determine personality that have been proposed by Murray and Kluckhohn and explain the group membership determinants.

An important description of factors that determine personality has been proposed by Murray and Kluckhohn. They described four major types which for simplicity, are presented below.

1. . Constitutional determinants - Genetics
2. Group Membership determinants - parents, culture, peers, etc.
3. Role determinants (the specific and variable roles assumed by a person at different times).
4. Situational determinants (frequent, infrequent and single experiences that shape one's life

State the two (2) roots of the economic entrepreneurship theory.

8 marks

The economic entrepreneurship theory has deep roots in the classical and neoclassical theories of economics, and the Austrian market process (AMP). These theories explore the economic factors that enhance entrepreneurial behaviour.

1. Classical Theory

The classical theory extolled the virtues of free trade, specialization, and competition (Ricardo, 1817; Smith, 1776). The theory was the result of Britain's industrial revolution which took place in the mid 1700 and lasted 23

until the 1830s. The classical movement described the directing role of the entrepreneur in the context of production and distribution of goods in a competitive marketplace (Say, 1803). Classical theorists articulated three modes of production: land; capital; and labour. There have been objections to the classical theory. These theorists failed to explain the dynamic upheaval generated by entrepreneurs of the industrial age (Murphy, Liao & Welsch, 2006).

2. Neo-classical Theory

The neo-classical model emerged from the criticisms of the classical model and indicated that economic phenomena could be relegated to instances of pure exchange, reflect an optimal ratio, and transpire in an economic system that was basically closed. The economic system consisted of exchange participants, exchange occurrences, and the impact of results of the exchange on other market actors. The importance of exchange coupled with diminishing marginal utility created enough impetus for entrepreneurship in the neoclassical movement (Murphy, Liao & Welsch, 2006).

Question 3

Explain Sociological Entrepreneurship Theory.

Sociological Entrepreneurship Theory

The sociological theory is the third of the major entrepreneurship theories. Sociological enterprise focuses on the social context. In other words, in the sociological theories the level of analysis is traditionally the society (Landstrom, 1998).

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Describe Anthropological Entrepreneurship Theory.

Anthropological Entrepreneurship Theory

The fourth major theory is referred to as the anthropological theory. Anthropology is the study of the origin, development, customs, and beliefs of a community. In other words, the culture of the people in the community. The anthropological theory says that for someone to successfully initiate a venture the social and cultural contexts should be examined or considered.

Here emphasis is on the cultural entrepreneurship model. The model says that new venture is created by the influence of one's culture. Cultural practices lead to entrepreneurial attitudes such as innovation that also lead to venture creation behavior. Individual ethnicity affects attitude and behavior (Baskerville, 2003) and culture reflects particular ethnic, social, economic, ecological, and political complexities in individuals (Mitchell et al., 2002a). Thus, cultural environments can produce attitude differences (Baskerville, 2003) as well as entrepreneurial behavior differences (North, 1990; Shane 1994).