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| **Blackpool and The Fylde College** |
| **Midgar Application Design – Team Development – Task 1** |
| **Rich Internet Applications** |
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# Introduction

This report servers to explore the definition of entrepreneurialism and what factors make up an entrepreneur. A case study of Mark Zuckerberg is then conducted with consideration to two entrepreneurial theories, trait theory and born or made, while attempting to identify how Zuckerberg fits each theory and noting contradictions or discrepancies in each. Finally, the report concludes with a general observation on the state of current entrepreneurial theories and identifying challenges that remain.

# EntrepreneuRship

## Definition

Historically, an entrepreneur has been described as an individual who starts, builds and manages an enterprise (Venkatesh and Ravikiran, 2012; Boyett, 1996; Furey, 2009) with Furey specifically drawing attention to entrepreneurs being leaders in their field of expertise or business area. Boyett however states that an entrepreneur need not be solely focused on the accumulation of wealth or creating a profitable business. Indeed, Martin and Osberg (2007) highlight the emergence of social entrepreneurship whereby an entrepreneurs driving ambition is to create a climate for societal change through social enterprises or through charitable work. Furey further confirms entrepreneurship is not solely isolated to the business community, with several public sector entrepreneurs gaining prominence. Venkatesh and Ravikiran highlight a common factor among entrepreneurs, regardless of social, public sector or business, is that they all apparently display a high level of passion or dedication to an idea and all display a decreased susceptibility to risk aversion.

With the financial challenges post-2008, entrepreneurship has been encouraged or even enabled by various governments with grants and business hubs being set up to promote it, such as Blackpool Unlimited (Blackpool Unlimited, 2017) and the Department for International Trade’s Global Entrepreneur Programme (Entrepreneurs setting up in the UK, 2017). The rise of the internet as a market has also changed the face of entrepreneurship in the last decade, with some entrepreneurs solely operating in an online environment (Išoraitė, 2015), with revenue streams commonly being generated via advertising. It is this advertising revenue model that drives big internet companies such as Facebook (Clemons, Barnett and Appadurai, 2007), created by entrepreneur Mark Zuckerberg.

While the basic elements of what defines an entrepreneur are commonly agreed upon, what makes an entrepreneur in terms of wider abilities, why they are an entrepreneur as opposed to a general worker and how one might become an entrepreneur is more nuanced, with wide ranging theories in existence. From the great man theory of the 1840’s popularised by Carlyle (Organ, 1996) to the cognitive theories from 1990 onwards (Gorgievski and Stephan, 2016), the field of entrepreneur theory is still evolving.

# Case study

## Mark Zuckerberg - Background

Mark Zuckerberg, age 32, is an American Harvard educated entrepreneur and computer programmer. Zuckerberg was born in the White Plains locality of New York State and raised in Dobbs Ferry, New York. He is the President, CEO and Founder of Facebook, a social networking website (Woog, 2009). As of Q42016, Facebook had 1.86 billion monthly active users worldwide (Facebook Newsroom, 2017) and is the most popular social network in 129 out of 137 countries (French and Shaw, 2017).

Zuckerberg launched Facebook in his dorm room at Harvard on 4th February 2004 in association with his roommates Hughes and Moskovitz. Initially, Facebook was targeted at and only available to students at American colleges (Keenan and Shiri, 2009), totalling 45 institutions. It later expanded outside of the American college network, to the UK initially, before being opened up to anyone who desired an account. With this mass market penetration of Facebook, driven by his entrepreneurship qualities, Zuckerberg became a billionaire by the age of 23 (Woog, 2009). Mezrich (2010) highlights he was the world’s youngest billionaire with an estimated net work of $4billion by mid-2010.

## Applicability of Trait Theory

Nair (2006) describes trait theory in relation to entrepreneurs as a condensed set of personal attributes and these attributes can be behavioural or habitual. A key concept of trait theory is that these attributes are stable over time, i.e. that these traits or attributes are not learned but rather are an integral part of the person. Toftoy (2007) distils these attributes into the following categories:-

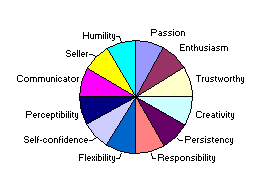


Figure Entrepreneurial traits (Toftoy, 2007).

In order to remain concise, this report will restrict itself to exploring Zuckerberg’s demonstration of the passion, perceptibility, persistency and self-confidence traits.

### Passion

Zuckerberg displayed an early passion in middle school for making computer programs, specifically games and communication protocols. During his attendance at Phillips Exeter Academy high school, he built an office program to assists his father in running his business, the program enabled his father’s office workers to communicate more effectively (Melendez, 2012). Melendez highlights another early project undertaken by Zuckerberg that demonstrated his entrepreneurial tendencies was a music player named Synapse that exploited artificial intelligence routines to adapt to the users listening tendencies.

The genesis of Facebook originated during Zuckerberg’s time at Phillips Exeter Academy. His theory of a social media site was influenced by the concept of circulating an annual student almanac which comprised of photos of students, faculty and staff which was known as “the Facebook" (Markoff, 2007). The original intention was to only offer the service to students studying at Ivy League colleges to alleviate the issues those students faced in trying to communicate and network with each other. After discussing the project with his roommates, Hughes and Moskovitz, they decided the time was right to open up Facebook to other colleges and universities within America (Woog, 2009). This drive and passion to improve the way people communicate is constant in the way Facebook has developed over time, with Zuckerberg becoming somewhat evangelical about the way young people in particular communicate, prompting commentators such as Gabler (2001) to refer to it as ‘Zuckerbergs Revolution’.

### Perceptability

The transformation of ideas into opportunity via perceptibility is a key trait of entrepreneurialism, one which Zuckerberg displayed when his idea of enabling people to communicate and connect morphed into an opportunity for Ivy League students to improve their networking (Hasday, 2012). His passion of developing advanced communication mechanisms coupled with the social consideration of allowing people to connect easily led to further entrepreneurial insights whereby Zuckerberg recognised Facebook could be beneficial in business and marketing in particular (Rooksby et al., 2009).

Perceptibility is often interchangeable with or can be construed as vision and as such, Zuckerberg saw not only the social appeal of a new communication tool for individuals and friends, but also recognised that it would be beneficial to other businesses and entrepreneurs. In developing a tool that enabled people from all corners of the world to connect, he effectively opened up new avenues of commerce to businesses that adopt the Facebook platform, which as Kuratko and Audretsch (2009) point out can also function as a customer relationship management tool. Clemons, Barnett and Appadurai (2007) further expand on this by highlighting Facebook’s advertising functionality, the primary revenue stream for Facebook, an element Zuckerberg was quick to seize upon. This was another demonstration of his perceptibility and visionary approach to doing things no other companies at the time had even considered.

### Persistency

Toftoy (2007), while using the term persistency, states the term may also encompass tenacity, perseverance, dedication and determination. In this respect, once Zuckerberg recognised he had a compelling product, his persistency enabled him to nurture and grow Facebook into what it is today. To this end, Ries (2011) highlights that in June 2004 Zuckerberg set up the Facebook offices in Palo Alto, California after dropping out of Harvard in order to dedicate more time to ensuring Facebook would be a success. Grimm (2011) states this personal sacrifice is commonly seen among other entrepreneurs, such as Steve Jobs dropping out of university in order to peruse his interests at Apple, with Grimm noting this is particularly evident among social entrepreneurs as well and in order to be persistent, it often demands sacrifice.

### Sell-confidence

As evidenced by Krueger and Dickson (1994), self-confidence changes ones perception of risk thus high levels of self-confidence can be correlated to increased risk taking. Zuckerberg demonstrates a classically high level of self-confidence that is common among other entrepreneurs. This self-confidence no doubt manifests itself in Zuckerberg due to his excellent technical skills, meaning that some might perceive him as ambitious however he knows that he is capable of implementing his ideas. Austin and Nauta (2016) suggest that others might perceive this self-efficacy or self-confidence as arrogance, however they highlight this it is often a mistake to do so in the case of entrepreneurs.

This self-confidence, as suggested earlier, affects an entrepreneur’s attitude to risk. Spokane (1998) in a study of risk behaviours among entrepreneurs identified that they did not display any other character traits commonly associated with risk takers, i.e. adventuring, extreme sports *et cetera.* Spokane suggests that this apparent contradiction in accepted entrepreneurial behaviour and/or traits can be explained in that entrepreneurs typically do not assign high risk values to activities that non-entrepreneurs would traditionally describe as high risk. This in part can also be explained by the high levels of self-confidence displayed by entrepreneurs, especially in areas of their expertise. Put simply, their high levels of self-confidence make high risk activities within their area or expertise appear to be low risk activities.

## Applicability of born or made theory

The entrepreneurial theory of born or made is a divisive one, with proponents such as Kuratko (1995) arguing strongly that entrepreneurs are made and others such as Vaynerchuk (2016) arguing that entrepreneurs are born.

The born or made argument essentially distils into the applicability of trait theory, discussed previously, that supports the born assumption, although trait theory itself seems not to discuss whether those traits can be learnt or taught. Learning those traits, coupled with the correct environmental factors such as family life, education, location and exposure to opportunity, leads Kuratko to suggest that entrepreneurs can be made.

Carter et al. (2003) conducted a study that compared non-entrepreneurs and entrepreneurs across six characteristics: innovation, independence, recognition, roles, financial success and self-realisation. In four of the characteristics Carter found no statistically significant differences between the groups, with only recognition (an individual seeking respect, approval and recognition by others) and roles (an individuals need to adhere to family traditions or others examples) being higher among the entrepreneur group. This study therefore suggests that environment, specifically family, is more important that natural character traits, thus supporting the made argument.

Conversely, a study by Taylor (2006) suggests that environment, specifically education, does not contribute to entrepreneurial success, with only 1 percent of entrepreneurial respondents citing higher education contributing to their success; however sixty one percent stated their drive as a factor, which might suggest that entrepreneurs are born, not made. In addition, Taylor states that most entrepreneurs started their first ventures at a young age, with forty two percent of respondents starting their venture before eighteen years of age and only twelve percent starting their first venture over forty years of age. Therefore it might be suggested that this further strengthens the argument for entrepreneurs being born rather than made, as the forty two percent didn’t have a wealth of previous life experience to draw upon. Taylor does however caution that interpreting the results so as to support the argument for entrepreneurs being born rather than made might be erroneous, with Taylor proposing that the results might simply indicate higher education instructions failing to adequately prepare students for entrepreneurship.

## Conclusion

Entrepreneurialism and what makes an entrepreneur is a continuously evolving field of study. While common themes can be attributed to entrepreneurs, such as common traits demonstrated by a lot of entrepreneurs, much can be ascribed to opportunity and environment. As seen in the born or made section, while entrepreneurs might have common traits, the environment needs to be right so that they may take advantage of those traits, either by means of a stable home life, a suitable educational institution or even an environment where ideas are encouraged rather than suppressed. The answer to whether an entrepreneur is born or made might never be answered, although the probable answer is ‘both’. But if an entrepreneur can be made, then it must surely be true that one can also teach a person to be an entrepreneur, which begs the question, why aren’t all school leavers successful entrepreneurs? However, does our education system foster the associated free and independent thinking required of an entrepreneur? Although, would society function if we were all entrepreneurs?

The more one seeks answers in the existing research surrounding entrepreneurialism, the more questions are subsequently generated, highlighting the emphasis that more research is required.

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