

## **BBM 221**

### **ENTREPRENEURSHIP AND SMALL ENTERPRISES**

#### **SCHOOLS OF ENTREPRENEURSHIP THOUGHT**

##### **These include**

- The great school person
- The psychological school
- The classical school
- The management school
- The leadership school
- The intrapreneurship school

#### **Theoretical Development of Entrepreneurship**

##### **Capitalist –the great school person**

- The great person perspective is an exposition of entrepreneurship in the context of the influence of individualism and capitalism to the occurrence of enterprise and the entrepreneur
- Holds out individual capabilities and orientation based on individualistic regards of oneself together with a system

Such people will be:-

1. Famous
2. Achievers
3. Wealthy
4. Goal setters and go getters
5. Leaders
6. Powerful

##### **The psychological school**

- This perspective relies on the premise that individual needs, desires, attitudes, beliefs and values underlie human behaviour. People with psychological traits have inclinations such as:-
- Need for achievement (n-Ach)
- Propensity for risk taking
- Self confidence

These traits drive entrepreneurs into engaging in successful entrepreneurial activities.

- The involvement results from personal needs regulated by their values, beliefs and attitudes

The psychodynamic school

Distinct personality characteristics

1. Personal value system of honesty, duty, responsibility and ethical behaviour that is dependable and conscientious
2. Propensity to take moderate, calculated and controllable risks be it psychic, financial etc.
3. High need for achievement – setting goals, strategies and working for the attainment of the goal
4. High self-esteem with high internal locus of control exhibiting initiative commitment and perseverance with a high tolerance for ambiguity

## **The classical school – economist theory**

- Pioneered by Schumpeter and Cantillon who viewed entrepreneurship as a factor of production alongside land, labour and capital
- The entrepreneur is distinguished in economically productive ideas who engages creativity and innovation in the creation and provision of value and consumer satisfaction

The school represents the early thinking on how economic production was initiated and carried out

- Entrepreneurship was seen as the invisible hand behind economic development
- Entrepreneurship is viewed as responsible for opportunity recognition, creation and seizure
- The hallmark of entrepreneurship therefore is creativity and innovation that are used to recognize and create opportunity

## **The management school of Entrepreneurship**

- Management is concerned with planning directing, co-coordinating and controlling the activities of an organisation , making decisions for action and solving problems
- Entrepreneurship is viewed as the management function in an enterprise.
- The entrepreneur executes this function

The proficiency in the performance of these functions may be enhanced through rational analysis and study of cause and effect relationship

- The entrepreneurial manager will be driven by perception of opportunity and a commitment to opportunity seizure
- Achievement by relying on consultative and discernment and making decisions often based on information at hand

- Provides flexibility in its operational systems that is adaptive and responsive to change and opportunity identification and seizure
- Provides freedom for individual initiative and action in opportunity perception and exploitation, with room for creativity and innovation in organisation methods systems and extension of market horizons

## **The leadership school of Entrepreneurship**

- Leadership is the goal driven motivation of the people for the accomplishment of organisational objectives
- It focuses on the role of the entrepreneur and the development of leadership capabilities
- The majority relies on the traits theory of leadership that recognizes the essence of leadership qualities in the efficient performance of entrepreneurial functions
- The leader is one endowed with intellectual aptitude and faculty of language to demonstrate emotional and mental maturity and convince others with intriguing ideas and persuasion and enormous drives for accomplishment
- Leaders are intelligent, experienced, original, charismatic, communicative, understanding
- They exhibit boldness and a sense of justice and fair play

In the entrepreneurial context the entrepreneur leader would be one who is:-

1. Charismatic; appealing to others with their deportment and rhetoric
2. Visionary; able to define the vision and to adjust their leadership styles to situations flexible in their approaches
3. A people manager: - motivating directing and leading by example
4. Skilled in empowering people through delegation

### **At individual level**

- Take advantage and act on the opportunity as it arises
- Motivated by an inner drive to fulfill themselves through expression and inspiring others to follow
- Have knowledge to establish strategy and method as basis for action
- Have inner knowledge and mental resources or demonstrate knowledge needed to establish their plan
- Are flexible and adaptive to changing business needs
- Listen to other opinions and ideas
- Are charismatic
- Have a confidence to realize that failure is reason to continue.
- Have inner fortitude to inspire because of values and belief in what is right

- Take action by assessing risks and challenging the inner talents of others to make a call to action

## **The Intrapreneurship school**

- Intrapreneurship is the application of entrepreneurship skills within an existing organisation
- Intensified global and domestic competition compels organisations to rejuvenate themselves by finding sustainable new sources of growth
- Deregulation worldwide and globalization are intensifying competition
- Organisations that have experimented with intrapreneurship have enjoyed net benefits and more are joining the fray
- Elements of entrepreneurship:- internal new venture creation, innovation, self-renewal within large enterprises
- Corporate ventures have the capacity to revitalize parent organisations
- They bring new ideas and profit streams into the parent organisations.
- These help revive weak companies and reinforce strong ones
- Intrapreneurship also helps retain promising staff that would otherwise be hired by more promising organizations.
- Intrapreneurship should be encouraged by creating an appropriate organisational culture and fostering an entrepreneurial climate