Xavier Arcamo

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PWR 381

**Writing Assignment #2**

**Entrepreneurship: An Endeavor of Many**

*All you need to be a successful entrepreneur is a great mindset.* While this statement may sound right, many scholars and researchers disagree with it. The idea that great entrepreneurs succeed because they made the right decisions and had the right attitudes is actually a common misconception. When we think of *entrepreneur*, we usually picture a hardworking, goal-oriented, and creative individual. What we don’t realize is that all great entrepreneurs and innovators had some outside help one way or another.

**Choice vs. Environment**

Scholars such as Freeman, DeBresson, and Amesse all agree that considering networks is important when studying entrepreneurship. One related issue that these scholars study is the question of choice versus environment. Which one plays a bigger role in entrepreneurial activity? This is where there is disagreement. Kirzner and Casson, for example, say that the environment is more important in bringing about and influencing entrepreneurial activity. According to them, an imbalance in supply and demand in the market can lead to individuals taking initiative and becoming entrepreneurs.

What is a **Network?**

The word is used differently in the context of entrepreneurship. According to Tichy and other scholars, a network is a series of two-way links. In the case of business and entrepreneurship, they can be relationships between two individuals. These connections are created so that these individuals can trade ideas, information, goods, power, and/or friendship.

McCelland argues the opposite, saying that entrepreneurial activity depends on the individuals’ personality traits such as initiative, efficiency, and risk-taking. Other scholars are on the fence regarding this issue. Weber and Hagen, for example, say that entrepreneurial activity happens because of either cultural or societal influences such as ideologies, social upheavals, or displacement of groups of people.

What is **Environment?**

No, this doesn’t just mean the ‘outside world’. In entrepreneurial terms, environment refers to the bigger picture outside of the individual (the entrepreneur). This can be the market, society, or organizations the person is a part of.

**What are Networks?**

All of these ideas and theories involve networks. We know what they are, but how are they made? There are two perspectives on this question. Allen and Hakansson, for example, argue that individuals naturally organize themselves into network structures. In other words, the idea of networks already exist, and people naturally group themselves to fit that structure. Conway and Shaw, on the other hand, say that individuals actually create the idea of network structures that they fall under. What do these mean?

Let’s take the example of an entrepreneur who sells wholesale tea. Since this person is connected to a supplier and buyer, we can say that they are part of a network. This network is two-way, between the entrepreneur and the tea supplier, and between the retailer and the entrepreneur. Scholars like Allen and Hakansson would say that this back-and-forth network is natural, and the entrepreneur naturally happened to fall under this kind of network structure. Conway and Shaw would disagree, and argue that the entrepreneur and anyone in this situation would have to invent the network structure that they’ll be using.

There are **three** kinds of network ties and connections. We can classify them based on their content.

1. **Information ties** – they provide business information.
2. **Exchange ties** – they give access to resources.
3. **Influence ties** – they give credibility to the entrepreneur.

**Connections Matter**

Why exactly is the idea of networks so important in the study of entrepreneurship? Networks help entrepreneurs get the things they need to maintain and grow their businesses. An entrepreneur might need something that they do not have, such as office supplies. They can make use of their network of connections and they might find someone who distributes office supplies at a wholesale price. These connections can be formal (business partners), or informal (friends and peers).

Who creates these networks? In the case of small to medium sized businesses (Also known as SMEs), the entrepreneur has the responsibility of making and maintaining networks. It’s when their business grows larger and more complex that the responsibility is passed to other people. The networks that entrepreneurs create are usually enough to support their businesses and to handle any small and short-term problems. In a way, entrepreneurship is directly affected and restricted by the kinds of connections the entrepreneur has. Scholar Leonard-Barton agrees with this idea and adds that entrepreneurs who lack good connections in their networks are at a disadvantage compared to their well-connected peers. Not only is it important to have an entrepreneurial network that is large, but also diverse.

**James Dyson: A Case Study**

One of the best examples of entrepreneurship can be found in James Dyson’s ventures. Dyson’s earliest projects included the ‘sea truck’, ‘ballbarrow’, and ‘dual cyclone’. He developed the sea truck when he was working under an entrepreneur named Jeremy Fry. Through Fry’s guidance, who instructed Dyson to use a hands-on approach to design, Dyson was able to create a prototype in eight months. Fry then allowed a part of his company to create Dyson’s new product.

Dyson was not always successful. While his ‘ballbarrow’ was a success at first, his idea was stolen by a US company. Later on, he was voted out of his company by his business associates. Dyson spent five unsuccessful years trying to convince European and US manufacturers to take on his invention, ‘dual cyclone’. In the end, a Japanese company, *Apex*, agreed to produce his invention.

Because of the success of his product in Japan, he was able to work with a Canadian company, *Iona,* and launched a version of the ‘dual cyclone’ on the North American market.

The different kinds of network ties that Dyson had helped him succeed in his business endeavors. There were things that he didn’t have which his connections did. Jeremy Fry, for example, gave Dyson all three kinds (information, exchange, and influence) of strong ties: Fry provided inspiration and advice, and he allowed Dyson to use his company and resources to build his inventions. And in the seemingly random and lucky case of *Apex* picking up his invention, it was an example of a weak, exchange tie.

Dyson was able to make use of strong connections he had with people he personally knew, such as Fry, and at the same time he also relied on weak connections like *Apex* to carry out his business plans. Because of this, we can’t use the kinds of choices and environments that entrepreneurs work with to completely explain why some entrepreneurships do well and why others don’t. Van de Ven suggests that we must also consider the things an entrepreneur does, what the entrepreneur’s relationship is with the organizations that they work with, and what kinds of resources the entrepreneur has access to. This is also known as the ‘social system framework.’ Van de Ven uses this idea to make sense of the relationship between the entrepreneur and their environment.

The **Social System Framework**

In an entrepreneur’s organization, they can only do so much. Their actions are limited, and they depend on other individuals to do tasks that would make their entrepreneurship succeed.

This means that entrepreneurs have to rely on their connections with other individuals to make their business succeed. And the answer to the question: *‘What makes a successful entrepreneur?’*, is a wide and diverse range of connections and network ties.