Entrepreneurship and leadership: common trends and common threads

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Abstract

The continued treatment of entrepreneurship as a separate area of study that is distinct from other broader domains (e.g., leadership and interpersonal influence) is questioned. Reviews of related research on personality, demographics, fit, and cognitive framing/bias reveal mixed findings and a lack of sufficient evidence to warrant a distinctly different view of entrepreneurship. Instead, a recognition of common trends and common threads of thought is encouraged. Finally, a model is proposed that integrates both process issues and level issues in explaining differential effectiveness in launching, managing, and exiting a new firm.

Keywords: Entrepreneurship; Leadership; Interpersonal influence

1. Introduction

In recent years, a challenging question has re-emerged: Does the study of entrepreneurship constitute a separate and distinct field of inquiry within the social sciences? As noted by Shane and Venkataraman (2000), one can ask whether research in entrepreneurship predicts phenomena beyond what is known in other fields (p. 217). If the constructs and results of such research are not sufficiently unique, then knowledge related to both the birth of firms and the management of small businesses should be subsumed under the heading of other fields (e.g., leadership or interpersonal influence). Arguably, entrepreneurship needs to be defined with reference to a setting or context (e.g., start-up firms) and in terms of actions...
taken by an individual within such a specific setting. These actions fall under two broad headings: attempts at influencing others and exploiting opportunities. Efforts to influence others and gain advantage from opportunities can be justifiably aligned with the established areas of leadership and interpersonal influence. Hence, the essence of entrepreneurship’s potential uniqueness stems from its focus on small-business ownership or firm start-up. Of course, this represents merely a narrow, specific context for studying the manifestation of social influence. The key question remains: Are social dynamics so distinctly different in these contexts that the broader field of leadership cannot adequately incorporate available empirical results? Further, what (if any) are the unique implications of available evidence on entrepreneurial individuals for human resources training and development?

In the present article, the above questions will be explored, along with the further issue of integrating entrepreneurship research and theory into the more established traditions of leadership and management. It is hoped that such an integration will aid the design of future research in these areas by highlighting the common trends and common threads of thought that underlie these scholarship streams. Finally, a model is delineated that joins process dynamics with micro- (psychological) and macro- (contextual) influences.

2. Why the split?

It is difficult to determine the processes that led to the emergence of entrepreneurship as a relatively distinct field within the organizational sciences. One explanation is that its dual footings in psychology and economics have contributed to the creation of a separate character or identity. That is to say, the economics basis of the field (with its emphasis on rationality and the study of societal aggregates; Schumpeter, 1934, 1939, 1947) could not easily merge with the psychological foundation (with its emphasis on traits, personal drives, and social dynamics). Perhaps these parent disciplinary perspectives prompted ambivalent attitudes among the majority of researchers toward the topics within entrepreneurship and, thereby, encouraged the emergence of a separate field of study. Furthermore, research in the economics tradition tends to focus on observable outcomes, while research in the psychological tradition tends to focus on intervening, unobservable processes as well as observable outcomes. Moreover, it has been often noted that data on many aspects of entrepreneurs are possibly more difficult to obtain (Shane & Venkataraman, 2000, p. 219). For example, response rates in entrepreneurship survey studies are notably low (for the studies cited in this review, (a) the median response rate was only 37%, (b) none of the studies reported the results of statistical power analysis, and (c) few of the studies examined response bias by comparing respondents with nonrespondents). In addition, there is an openness to studying student

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1 In the following discussion, a conventional distinction is adopted among entrepreneurs (i.e., people who founded a firm), small-business operators/owners (i.e., people who manage, but did not found, a firm), and traditional managers (people who direct and are expected to display leadership within corporate settings). These three classifications are, at the outset, expected to be associated with differences in backgrounds, personal goals, and openness to innovation (Stewart, Watson, Carland, & Carland, 1998).
samples as proxies for entrepreneurs (presumably, because of the trade-off of sample convenience for sample relevance). Perhaps not too surprisingly, empirical results within the area of entrepreneurship are often mixed and inconclusive.

The distinctly different academic footings of entrepreneurship are also evident in the divergent research streams of “entrepreneurial traits” and “entrepreneurial rates.” Entrepreneurial trait research (a major division of the empirical work in the field) focuses on the individual differences of entrepreneurs. For example, this approach examines personality dimensions and psychological drive states as potential explanations of entrepreneurial activity. Entrepreneurial rate research, in contrast, examines environmental influences (often economic conditions) on the propensity to start a business or to innovate. By and large, the rate approach ignores the constructs used by trait researchers, and the trait approach does not incorporate the constructs used by rate researchers. Rate researchers are more likely to be interested in studying changes in the rate of firm formation over time and, therefore, more commonly make use of longitudinal designs (e.g., Shane, 1996). Trait researchers, while praising longitudinal research, more typically adopt cross-sectional designs as part of a survey-based approach. Because of these differences in focus and preferred study design, the two approaches are not particularly informative or instructive to each other. Instead, each approach fosters a knowledge base that may be cumulative within its own orientation, but that also is not amenable to integration.

The distinction between the traits and rates approaches may be best viewed as a distinction between a supply-side perspective and a demand-side perspective (Thornton, 1999). The supply-side approach examines the propensity and availability of individuals for entrepreneurial roles, while the demand-side approach focuses on the number and nature of entrepreneurial roles that need to be filled. The supply-side approach examines the psychology of the individual, while the demand-side focuses on the context. Supply-side, or trait, research takes the context as a given and seeks to explain variation in behaviors and attitudes through examination of individual differences. In contrast, demand-side researchers regard individual differences as being of less importance than the impact of changes in contextual attributes on changes in collective behavior.

An interesting parallel can also be drawn between the traits—supply versus rates—demand approaches, and the trait versus situationalism approaches in the field of leadership. The trait approach to leadership (after failing to establish strong associations) was recognized as being limited because of its exclusion of contextual factors. At present, leadership research acknowledges the importance of (and seeks the integration of) individual-level factors and contextual factors in explaining differences in effectiveness. A similar rapprochement seems essential for the study of entrepreneurial research.

3. The arguments for a separate field of entrepreneurship

Recently, Shane and Venkataraman (2000) reviewed three arguments for the treatment of entrepreneurship as a distinct field. First, entrepreneurship can be viewed as a societal mechanism that converts technical information into products and services (Arrow, 1962).
Second, entrepreneurship is a mechanism that enables the discovery and mitigation of temporal and spatial economic inefficiencies (Kirzner, 1997). Third, entrepreneurially-based innovation drives change in products and services (Schumpeter, 1934).

All of these arguments are economically grounded justifications, rather than behaviorally based. A reliance on an economics-based focus can lead, for example, to the study of such macro influences as economic regional attributes on the rate of new firm creation (Thornton, 1999). Of course, a focus on the influence of regional attributes misses the critical point that regions do not create firms, individuals do. Further, “entrepreneurship” serves as a vague, over-arching term that actually encompasses a fairly wide range of settings (Low & MacMillan, 1988). While generally intended to have reference to a specific setting, the term lacks precision because contexts tend to be broadly aggregated. For example, does entrepreneurship have the same meaning in solo ventures as it does in partnership or team ventures? Does it have the same meaning if personal funds are at stake? Does it have the same meaning for franchise owners versus other arrangements? Does it have the same meaning for Mom-and-Pop stores as for more growth-oriented ventures, etc.? As these contextual distinctions tend to be ignored in many research reports where “entrepreneurs” are aggregated for study, the use of the term entrepreneurship can be expected to contain much imprecision and, thereby, inexactness in prediction.

If entrepreneurship comprises a distinctly different set of phenomena that lies beyond current knowledge in the areas of leadership and social influence, then the published literature on entrepreneurship should provide us with examples of counter-intuitive findings. For instance, we should find patterns of results that indicate that trends or relationships are different or nonexistent in entrepreneurial settings. In essence, certain work settings should serve as moderators of various findings. Small-business settings, firm start-ups, and the like should define the “boundary limits” for our available knowledge. Therefore, the “burden of proof” lies with establishing distinctly different relationships and patterns of results within unique and definable settings. From a psychological perspective, the maintenance of a separate identity for such a line of research is difficult to justify without empirical evidence that the dynamics within specific settings warrant a separate treatment. With this concern as our back-drop, let us now consider the published literature on entrepreneurial behavior.

4. The arguments against a separate field of entrepreneurship

The scholarly literature on entrepreneurial behavior, attitudes, and predispositions is fairly substantial. Efforts to develop profiles of entrepreneurs and small-business owners (both successful and not) have been numerous. The fruit of these efforts is a set of five attributes that invariably is at the forefront of discussions of entrepreneurial profiles: risk-taking, need for achievement, need for autonomy, self-efficacy, and locus of control (Begley, 1995; Stewart et al., 1998). Arguably, these attributes comprise the “Big Five” personality dimensions within the realm of research on entrepreneurs. In addition to these five dimensions, personal demographics and person–system fit have also received substantial attention. Plus, there is a growing literature on cognitive framing and biases that may be of
relevance to entrepreneurs and small-business owners. These cognitive attributes and
dynamics include overconfidence, hubris, escalation of commitment, and counterfactual
thinking. In the following sections, the findings in these areas are reviewed with an eye
toward determining whether the findings are especially unique to founders/managers of firms
or if the findings reveal unexpected patterns of results that indicate the need for a separate
treatment of entrepreneurship. Following a review of these research streams, we will examine
neglected topics and consider several new directions for entrepreneurship research.

5. Entrepreneurship’s “Big Five”

5.1. Risk-taking propensity

On an intuitive level, risk-taking propensity (i.e., a decision-making orientation toward
accepting greater likelihood of loss in exchange for greater potential reward) can reasonably
be expected to be included in any profile of what might make entrepreneurs distinctly
different. However, research on risk-taking propensity has not yielded clear evidence of a
relationship. For example, a series of studies by Brockhaus failed to find differences on risk-
taking orientation between entrepreneurs and manager groups, as well as the general
population (Brockhaus, 1976, 1980a; Brockhaus & Nord, 1979). Similar results were
reported by Litzinger (1965) and Masters and Meier (1988). In addition, successful
entrepreneurs could not be distinguished from unsuccessful entrepreneurs on risk-taking
(Brockhaus, 1980b; Peacock, 1986). In contrast, other studies reported greater risk-taking
propensity among entrepreneurs versus managers (Carland, Carland, Carland, & Pierce,
1995; Hull, Bosley, & Udell, 1980; Stewart et al., 1998), and versus the larger population
(Broehl, 1978; Liles, 1974; Stewart et al., 1998). Generally, the search for differences has
been more successful with measures of personality (such as the Risk-Taking Scale of the
Jackson Personality Inventory; Jackson, 1976) than with decision-making exercises (such as
Wallach & Kogan’s, 1961, Choice Dilemma Questionnaire).

In an effort to reconcile this diversity of findings, Palich and Bagby (1995) used a cognitive-
based approach to argue that entrepreneurs may not perceive or accept risk more than non-
entrepreneurial counterparts, but rather that they are merely predisposed to access categories
that suggest greater potential within business scenarios. Although Palich and Bagby did not find
evidence that entrepreneurial “types” were more predisposed to take risks than non-entre-
preneurs, they did report that entrepreneurial types categorized equivocal business scenarios
more positively than non-entrepreneurial individuals. This finding suggests that the entrepre-
neurally inclined may tend to view some situations as opportunities, when others perceive
similar circumstances as having low potential. On reflection, this interpretation seems some-
what closer to an alternative dimension of optimism or confidence (Cooper, Woo, & Dunkel-
berg, 1988). Also, this result is not particularly surprising, as findings from lab studies indicate
that individuals who are led to believe they are highly competent at decision-making perceive
greater opportunities in a risky choice situation and take more risks. Those who believe they are
less competent see greater threats and take fewer risks (Krueger & Dickson, 1994).
5.2. Need for achievement

Studies of McClelland’s classic conceptions of basic needs (McClelland & Winter, 1969) have yielded relatively more supportive findings of certain expected differences. For example, high achievement motivation has been associated with some aspects of venture performance (Begly & Boyd, 1987; Carsrud & Olm, 1986). Plus, Stewart et al. (1998) also reported that entrepreneurs were higher in achievement motivation than both corporate managers and small-business owners—managers. Nonetheless, the results have not been uniformly supportive (Brockhaus & Horwitz, 1986; Johnson, 1990). Alternative interpretations of achievement motivation and entrepreneurship that rely on configural notions (i.e., that high, moderate, or low levels of need for achievement should be examined in conjunction with levels of other needs, such as power and affiliation) have not yet been convincingly linked to entrepreneurial activity or success.

5.3. Need for autonomy

As with need for achievement, need for autonomy has often been assumed to be related to entrepreneurial motivation. Definable as the desire to be independent and self-directing (Harrell & Alpert, 1979; McClelland, 1975), need for autonomy has been offered as (a) an underlying motive for why some MBA students may be interested in working for smaller firms (Harrell & Alpert, 1979, p. 260) and (b) a predictor of the successful “fit” of an individual with an entrepreneurial position (Harrell & Alpert, 1979, p. 264). These arguments are based on the premise that larger firms suppress personal freedom and the potential for entrepreneurial initiative. Empirical evidence in support of these contentions, however, is lacking. The intuitive appeal of this reasoning suggests that alternative opportunities for personal expression at work and individual adaptability may be of some consequence. The question of whether need for autonomy operates in a configural manner with other needs has been similarly neglected. In short, the rhetoric surrounding the drive for independence as a core element of entrepreneurial interest, despite its self-evident character, needs to be empirically demonstrated.

5.4. Self-efficacy

Borrowing from Bandura’s work on social learning theory (Bandura, 1982; Wood & Bandura, 1989), we can expect that individuals will prefer situations in which they anticipate high personal control, but avoid situations in which low control is anticipated. Following this logic, individual career paths should reflect personal assessments of capabilities for various occupations. Extending these ideas to entrepreneurial activity suggests that those individuals who believe they are capable of performing the roles and tasks of an entrepreneur (i.e., who have strong beliefs in their entrepreneurial self-efficacy) will engage in activities associated with firm start-ups (Boyd & Vozikis, 1994; Scherer, Adams, Carley, & Wiche, 1989). People who are comparatively high on the dimensions of entrepreneurial self-efficacy should perceive more opportunities in a given situation, while people who are low on self-efficacy...
should perceive more costs and risks. People who are higher on self-efficacy should also feel more competent to cope with perceived obstacles, and should anticipate more positive outcomes. In addition to lab studies that show that people who are led to believe they are very competent will see greater opportunity in a risky choice and take more risks (Krueger & Dickson, 1994), a comparison of small-business founders versus non-founders revealed that founders scored higher on a measure of entrepreneurial self-efficacy (Chen, Greene, & Crick, 1998). Along with explaining why some people avoid entrepreneurial actions (i.e., due to a lack of personal belief in possessing necessary skills, or low self-efficacy), this approach may also help to account for why some entrepreneurs avoid certain critical entrepreneurial activities (e.g., deliberately avoiding company growth because of a fear of losing one’s sense of control, due to low self-efficacy concerning specific essential skills).

5.5. Locus of control

Related to research on self-efficacy is work on the broader concept of locus of control (Rotter, 1966). While self-efficacy and locus of control are both cognitive dimensions that are based on notions of control, locus of control is a much broader concept that may be independent of one’s sense of task-specific efficacy. Perhaps not surprisingly, studies of locus of control relative to entrepreneurship have had a poor record. For example, Engle, Mah, and Sadri (1997) were not able to distinguish between small-business owners and a sample of employees based on Rotter’s (1966) scale, nor could Chen et al. (1998) distinguish between founders and non-founders of current businesses using a scale developed by Levinson (1973). Gatewood, Shaver, and Gartner (1995) also employed an alternative to Rotter’s scale that focused on personal efficacy (a subscale of Paulhus’s Spheres of Control Scale, 1983). Their results yielded a mixed pattern of results suggesting that female potential entrepreneurs held more internal/stable attributions (e.g., “I have always wanted to be my own boss”), while male potential entrepreneurs held more external/stable attributions (e.g., “I had identified a market need”). Although these results were statistically significant, the moderating role of gender is not easily interpretable, as the items for internal/stable attributions (e.g., “I want the autonomy and independence to do what I like through self-employment”) seem closer to the aforementioned construct of need for autonomy than internal locus of control. Evidence from confirmatory factor analysis would be particularly valuable for determining what the scales in this study, and the scales in many other studies in this domain, were assessing. Although conceptual arguments for the role of locus of control in entrepreneurship can be compelling (Gilad, 1982), the evidential base is not strong.

6. The “Big Five” from a macro-level perspective

6.1. Entrepreneurial orientation

Although one might think that “entrepreneurial orientation” would represent an individual’s overall propensity to engage in firm start-up activities, the term has come to refer to a
macro- (or firm-) level concept. Based on a nine-item scale developed by Khandwalla (1977), corporate members are asked to assess aspects of perceived corporate innovation and proactiveness. The items pertain to the perception of top managers’ inclinations, and attributes of products and services. When responses are combined, these assessments are taken as an index of a firm’s degree of entrepreneurship (Covin & Slevin, 1989). While the scale has adequate internal reliability, it appears to have two underlying factors (innovativeness and proactive disposition), such that combining the items into a single score is a questionable practice (Knight, 1997). Continued interest in a macro-level aggregated construct of entrepreneurial orientation is demonstrated in a review article by Lumpkin and Dess (1996), wherein they contend that entrepreneurial orientation should be defined as a firm’s propensity to display autonomy, innovativeness, risk-taking, proactiveness, and competitive aggressiveness. Of course, these five dimensions overlap with many of the aforementioned individual differences attributes. As is common with much macro scholarship, the tendency is to discuss firms as if individuals’ actions were of relatively little consequence (while micro approaches, to be sure, tend to view larger contextual features as being relatively fixed).

At this juncture in the development of entrepreneurship research, it must be acknowledged that the creation of a composite construct, termed orientation, at either the macro or micro level is essentially a subjective, discretionary exercise (e.g., we are more likely to include subconstructs that receive much attention and exclude subconstructs that are less well researched). Different scholars may reach different conclusions concerning which dimensions should be included or excluded. Hence, attempts at defining an orientation (or constellation of factors) based on subdimensions must be tied empirically to evidence that the subdimensions are highly useful and that inclusion/exclusion is empirically (and not merely intuitively) justified. As noted earlier in the present review, such evidence on the predictive utility of dimensions is not readily identifiable, nor can convincing evidence be provided for inclusion of some dimensions over others (other than the suspect practice of relying on a dimension’s frequency of study or its frequency of discussion).

7. Personal demographics

Personal demographics comprise a further set of individual differences attributes that does not fit under the heading of psychological attributes. The study of demographics in relation to entrepreneurial activity, however, has been largely atheoretical. One consequence of this heavily empirical approach is that the available findings, while often intriguing, cannot be easily interpreted. For example, is an observed association more reflective of demographics being a surrogate for a causal process, or is an observed association the result of unspecified processes producing a selection or filtering on some demographic dimension? A review of the published literature suggests that differences do exist on a variety of dimensions.

In an analysis of U.S. Census data, Fairlie and Meyer (1996) found that education was an important positive correlate of whether someone was self-employed. Also, after making statistical adjustments for differences in age, education, immigrant status, and time in country, they found significant differences in the likelihood of being self-employed across 60 ethnic
and racial groupings. For example, Korean and other Asian-Americans had comparatively high rates of self-employment, while African-Americans had comparatively low rates of self-employment. Contrary to stereotypic explanations that difficulty in speaking English drives minorities into self-employment, Fairlie and Meyer found that having a problem speaking English was negatively related to self-employment. Additionally, these researchers also reported that although male and female rates of self-employment varied across ethnic and racial groupings, the gender rates were similarly ranked within groupings such that female rates of self-employment, in the aggregate, were 55% of the rate of male self-employment.\(^2\) Further, they reported that the more advantaged ethnic/racial groupings (as measured by wage/salary earnings, self-employment earnings, and unearned income) had the highest rates of self-employment. This finding is contrary to a popular expectation that relatively disadvantaged racial/ethnic groupings would have a higher rate of self-employment.

Other research, from the United Kingdom, suggests that the probability of self-employment depends positively on whether an individual ever received an inheritance or gift (Blanchflower & Oswald, 1998), suggesting that the availability of start-up capital is paramount. A study conducted in Korea found that profitability as an entrepreneur, however, may be a function of whether an entrepreneur has prior experience in a relevant line of business and more education (Jo & Lee, 1996). In addition, actual involvement in starting a new firm (as distinct from personal descriptions of being simply self-employed) was found to be far more prevalent among younger individuals, aged 25–34 years, in the United States (Reynolds, 1997).

In two best-selling books (The Millionaire Next Door, Stanley & Danko, 1996; The Millionaire Mind, Stanley, 2000), Thomas Stanley reported survey results for individuals who were unquestionably wealthy (i.e., with an average household net worth of $9.2 million). High on the list of self-reported success factors were being well-disciplined and having a supportive spouse. Of special relevancy to the present review are the results for a segment of survey participants who were business owners/entrepreneurs (32% of the total sample of 733 individuals). Compared to the other occupational groupings of senior corporate executives, attorneys, physicians, and others, the business owners/entrepreneurs revealed the lowest percentage of those who indicated having a high IQ/superior intellect as an important success factor. In addition, this same job category had the highest relative percentages indicating the following factors as being important: getting along with people, having strong leadership qualities, having an ability to sell ideas and products, ignoring the criticism of detractors, and seeing opportunities others do not see. Interestingly, the same job grouping did not differ from the others on attending a top-rated college, loving my career/business, having a very competitive spirit, and having good mentors. Business owners/entrepreneurs had the lowest percentage reporting that they graduated near/at the top of their class. The factors that influenced the choice of a vocation were also assessed. For the business owners/entrepreneurs, the most distinguishing factors were a chance to be financially independent, greater

\(^2\) The only exception being Vietnamese women, who had a higher rate of self-employment than Vietnamese men.
profit/income potential, and a legacy as part of a family’s business. The lowest percentage for these same respondents was obtained on having one’s vocation suggested by aptitude test results.

8. Person–system fit

Based on role motivation theory, John Miner (1990) has offered a framework for identifying individual orientations that match with organizational systems. Of the various organizational systems he described, two are most relevant to the present discussion. Specifically, Miner identified a hierarchic (or bureaucratic) system wherein managers are the key agents, and a task system wherein people are attracted to intrinsic rewards offered by task accomplishment. In a hierarchic system, there are six essential motives that a manager should possess. These are a desire to (1) maintain positive relations with authority figures, (2) exercise power by imposing sanctions and attempting to influence subordinates, (3) model one’s actions after a parental role, (4) compete with peers to attain such extrinsic rewards as promotions and salary increases, (5) accept responsibility for routine administrative tasks, and (6) assume a distinctive position of status that involves being highly visible while remaining apart from subordinates. By contrast, a task system requires essential motives for (1) obtaining feedback on the results of one’s efforts, (2) having greater control of outcomes so as to reduce risk, (3) engaging in tasks that can satisfy an intrinsic desire to achieve, (4) being personally innovative, and (5) planning and goal setting. As noted by Miner, these system requirements should map into different motivational patterns such that individuals who have primary desires that align with these system features will be more successful in specific settings.

In a series of studies that spanned 15 years, Miner (1986) developed measures of both hierarchic (managerial) motivation and task (entrepreneurial) motivation, and conducted a number of comparisons of managers and entrepreneurs. In general, these results indicated that entrepreneurs scored lower on hierarchic motivation than middle- and lower-level managers (Smith & Miner, 1983), or top-level corporate executives (Berman & Miner, 1985). Research with the task measure revealed that entrepreneurial founders of a firm scored higher on task motivation than manager–scientists in small firms who were not founders (Miner, Smith, & Bracker, 1989). In a comparison of entrepreneurs with managers in small firms, Bellu found that entrepreneurs were consistently more task motivated (Bellu, 1988; Bellu, Davidson, & Goldfarb, 1989). Similar results were reported by Bracker, Keats, Miner, and Pearson (1988). Finally, Miner (1990) found that entrepreneurs who head high-growth firms could be distinguished, in accordance with the theory, from a comparison group of managers.

In general, the results for Miner’s (1990) theory have been consistently supportive of the view that different types of people may be drawn to different types of organizational systems. However, it could be more cautiously stated that different types of people are simply more likely to be identified within different systems, as we do not know whether people might modify their responses to role theory measures based on the normative definitions for the role that they presently occupy when completing the measures. Miner also noted that the
entrepreneurial aspects of his theory may be limited to founders who head firms slated for growth (Miner, 1990), and the theory may have less relevance for small organizations where there is never an intention to achieve significant growth (e.g., Mom-and-Pop stores). The fact that many prior studies of entrepreneurial differences have failed to sort out whether firms were growth-oriented or not, may partially account for difficulties in reliably identifying a consistent pattern of meaningful entrepreneurial traits.

9. Cognitive framing and biases

As noted earlier, there is a growing literature on cognitive framing and biases that may pertain to entrepreneurs and small-business owners. The findings in this area are generally more consistent than the findings for personality measures. However, the comparison of managerial groups with entrepreneurial groups is somewhat less common.

9.1. Overconfidence and hubris

Entrepreneurs and small-business managers have been found to be highly confident—perhaps, even to a fault. In an early study in this vein, Cooper et al. (1988) surveyed entrepreneurs (who recently had become business owners) to determine their self-perceptions concerning chances of being successful. Overall, these individuals expressed an extremely high degree of confidence in being successful when compared to data for the actual base rate of firm survival after the first 5 years. Cooper et al. concluded that entrepreneurs display a remarkable degree of optimism, and may experience a type of “euphoria” associated with the start-up of a firm.

While entrepreneurs do not believe they are more predisposed to taking risks than non-entrepreneurs, entrepreneurs do categorize equivocal business scenarios more positively than other individuals (Palich & Bagby, 1995). This does not mean that entrepreneurs perceive and accept greater risk than non-entrepreneurs, but rather that they may be predisposed to categorize situations more positively if they suggest greater potential for gain and opportunity. Further, the perception of risk may be influenced by one’s degree of confidence (Simon, Houghton, & Aquino, 1999), such that overconfident individuals will perceive less risk associated with starting a new venture. In a supportive study, Busenitz and Barney (1997) compared founders of new firms with managers in large organizations. While their measure of overconfidence (a set of five questions, developed by Lichtenstein & Fischhoff, 1977, that asks for confidence estimates of death rates from various diseases and accidents) correlated with occupational grouping, the magnitude of this association was not appreciably greater than that found with various personality measures. Although intriguing, this link has not yet been convincingly established, perhaps because of difficulties associated with defining and measuring overconfidence.

A further question surrounds whether overconfidence should be properly considered as a manifestation of self-esteem (i.e., a personality construct). Although overconfidence is typically categorized as a cognitive or decision-making bias, the manner in which it is
typically assessed (cf. Simon et al., 1999) does not involve confidence in decision making as much as a stylistic response that is possibly reflective of high self-esteem. Future work on overconfidence should, therefore, include measures of general self-esteem to determine whether self-esteem is a comparable predictor and whether self-esteem is strongly correlated with the commonly-used measures of overconfidence.

Overconfidence may be an important ingredient in providing the wherewithal to move into risky territory. It can also be of help in convincing others (e.g., investors, customers, and employees) that a venture will be successful, and thereby aid in enlisting and sustaining their support. Overconfidence may also, somewhat ironically, be a major factor in a venture’s failure. When overconfidence leads to failure, it is frequently labeled as hubris. Recently, Kroll, Toombs, and Wright (2000) reviewed theory and examples of hubris in political and management history. They define hubris as exaggerated self-confidence, pride, or arrogance that frequently generates circumstances that lead, ultimately, to failure. The familiar prototypical examples of leaders who rose from humble origins to great power, and ultimate ruin, because of their hubris are Napoleon and Hitler. In these and other instances, overarchingly confident leaders enlisted a strong following and led to a series of early successes, but eventually led to a disregard of warning signs of impending failure. Kroll et al. (2000) provide a number of suggestions for guarding against hubris. These suggestions include listening to naysayers, appointing an alter ego or devil’s advocate, basing one’s actions on a role model who is relevant to the unit’s mission, and engaging in exercises that involve deliberate reflection on personal performance. They also argue that board members who oversee executives should take on a greater monitoring role in confronting potential hubris in senior executives. In addition, views that are counter to the dominant perspective of top executives should be tolerated via the active promotion of a more heterogeneous organizational culture.

In a related vein, Manfred Kets de Vries (1996) contends, based on a series of interviews, that entrepreneurs have a need for control, a sense of distrust, a desire for “applause,” and a propensity for action. A number of entrepreneurs, he argues, may also have a narcissistic tendency that is reflective of difficulties in regulating self-esteem. Dysfunctional consequences of these tendencies include propensities to be impulsive and dramatically venturesome, and to micro-manage others’ activities. While Kets de Vries’ conjectures on dysfunctional tendencies are intuitively appealing and do tie in with examples of hubris, they remain open for empirical validation.

Additional evidence in support of the notion that entrepreneurs possess greater relative confidence can be found in Robert Baron’s research on counterfactual thinking. Counterfactual thinking refers to the emotional response that results from reflections on “what might have been.” Evidence of this type of regret, for example, has been found for second-place finishers in Olympic events relative to third-place finishers. Specifically, third-place (bronze

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3 Overconfidence may also lead to a ruinous outcome because of its likely association with tendencies to escalate commitment to a clearly failed course of action (Baron, 1998; Staw & Ross, 1987). For a more organizational/cultural level discussion of dysfunctional dynamics, see Miller (1990).
medal) winners reported greater happiness relative to second-place (silver medal) winners due
to the awareness that the counterfactual alternative to winning third place was to win no
medal, while the counterfactual alternative to winning second place was to win the gold
medal for first place (Medvec, Madey, & Gilovich, 1995). Recent research by Baron (1999)
indicates that entrepreneurs are less likely to engage in counterfactual thinking than other
persons and are, as a result, less likely to experience feelings of regret over disappointing
results. In addition, Baron found that entrepreneurs, perhaps because of a reduced tendency to
engage in counterfactual thinking, found it easier to admit past mistakes to themselves and to
others (i.e., they were less susceptible to hindsight bias). As noted by Baron (p. 88), the cross-
sectional nature of this research does not permit the determination of whether counterfactual
thinking is more a cause than a consequence of becoming an entrepreneur. Also, there is
much continuing debate on whether engaging in counterfactual thinking is an inherently
detrimental or beneficial process. For example, such social comparisons may lead to envy (cf.
Vecchio, 1995, 2000) and dissatisfaction (Medvec et al., 1995). Alternatively, it may lead to
an analysis of the causes of failure and, thereby, lead to improved future performance (Roese,
1997). A challenge for future research is the specification of the settings in which these
differing processes can be expected.

10. Neglected topics and new directions: tying entrepreneurship to leadership

A number of opportunities exist for new research directions in the study of entrepreneur-
ship. Some of these directions have been previously explored within the field of leadership.
Four promising avenues that relate largely to an entrepreneur’s relations with others are
followership, social intelligence, substitutes and neutralizers, and training and development.

10.1. Followership

The ability to inspire and motivate subordinates, especially in light of the risky character
that surrounds early start-up conditions, is a critical attribute for a founder. Research on leader
charisma and vision has particular relevance to entrepreneurship. The ability to captivate
subordinate interest and to communicate an appealing vision has been the subject of recent
work in the domain of leadership (Baum, Locke, & Kirkpatrick, 1998; Kirkpatrick & Locke,
1996). However, beyond what a leader/entrepreneur can offer as interpersonal inducements to
subordinates, there is a need to consider the attributes of followers in such a social process.
With the notable exception of an article by Pearce, Kramer, and Robbins (1997) that found
entrepreneurially-oriented managers in a change setting had subordinates who expressed
greater satisfaction with supervision, the topic of followers has been neglected within the field
of entrepreneurship. Within the field of leadership, followership has been long recognized as
the ying to leadership’s yang. However, no compelling theory of followership has, as yet,
generated a significant research stream. Perhaps the most widely known view on follower
attributes is to be found in Hersey and Blanchard’s Situational Leadership Model (Hersey,
Blanchard, & Johnson, 1996), wherein followers are assessed for “readiness” or “maturity”
on the dimensions of task knowledge and commitment. These assessments, in turn, dictate appropriate styles of supervisor behavior. While the empirical validity of the theory is far from clearly established (Fernandez & Vecchio, 1997; Graeff, 1997), the intuitive appeal of the theory’s underlying principles is not in dispute.

Given that followers who work for an entrepreneur/founder are likely to have more opportunities for greater interpersonal contact with the leader/founder, it is also worth considering what this increased contact may mean to each follower. For many people, the opportunity to interact with the top person in a firm represents a significant opportunity to receive approval or affirmation from an authority figure. As suggested by Gabriel (1997) in an article entitled “Meeting God: When Organizational Members Come Face to Face With the Supreme Leader,” followers can draw two types of psychological support from a top person’s approval: charismatic and messianic. Charismatic approval derives from the followers’ feelings of being rewarded for who they are rather than what they have achieved, while messianic approval derives from feelings of being approved for actual contributions and achievements. Gabriel argues that these two basic views of approval from authority figures have their origin in earlier family experiences, wherein maternal (unconditional approval) and paternal (relatively more conditional approval) roles are first encountered, and then extended as a template to viewing and interpreting later relations with authority figures.

Another promising avenue for entrepreneur research relative to followers can be found in the theory and research related to leader–member exchange theory. First proposed in the early 1970s (Dansereau, Cashman, & Graen, 1973; Graen, Dansereau, & Minami, 1972), the theory has produced a reasonably consistent set of findings (for a recent review, see Schriesheim, Castro, & Cogliser, 1999). The theory, in essence, argues that leaders and followers negotiate specific social exchange relationships wherein leaders offer such inducements as salary and opportunities for input on decision-making, and followers offer their effort and loyalty. Following early “try-out” experiences, the leader develops a unique working relationship with each subordinate. For subordinates who display a desire to be treated within the confines of a relatively limited psychological contract of exchanging effort for wages, the relationship becomes somewhat formal; while for subordinates who display a desire to be treated as confidants and supporters, the relationship takes on a special quality that involves a high degree of interpersonal trust and mutual support. Over time, subordinates are categorizable as members of the leader’s “out-group” or “in-group.” Research suggests that in-group followers, relative to out-group followers, enjoy greater job satisfaction, higher ratings of performance, more enriched job assignments, and possibly greater length of employment. The extension of these principles to the small-business setting seems straightforward as it is not clear that the principles of social-exchange would not operate there as well.

Finally, the dysfunctional features of being in the role of follower/subordinate within a small-business setting are deserving of study. Although most claims of abuse at the hands of small-business operators are anecdotal, the reality cannot be ignored that small-business owners/managers have greater latitude in disciplining and dismissing their subordinates, relative to subordinates in larger firms where requests for transfers or appeal procedures often exist. Further, a number of labor laws do not extend to small businesses (with “small” being legally defined by the number of employees). Hence, followers in small-business settings are
in a more dependent position. Moreover, dysfunctional entrepreneurial styles, such as the aforementioned construct of narcissism, may be related to the abuse of others. Specifically, narcissism (defined by grandiose views of personal superiority, inflated sense of personal entitlement, low empathy for others, and fantasies of personal greatness, American Psychiatric Association, 1994) has been empirically linked to high, but unstable, self-esteem. In turn, this pattern has been tied to the manifestation of aggression against others (Baumeister, Bushman, & Campbell, 2000; Bushman & Baumeister, 1998). As suggested by Baumeister et al. (2000), the dangerous aspects of narcissism lie not so much with simple vanity or high self-esteem per se, as with the inflated sense of being superior to others and, therefore, entitled to privileges that allow reprisals against perceived threats to self-image. Given that a substantial portion of the workforce is employed in settings that are definable as small-business settings (i.e., less than 50 employees), the magnitude of such potential abuse is of some importance. Further, subordinates’ claims of being “betrayed” by founders/small-business managers, even after years of loyal service, are worthy of study (Elangovan & Shapiro, 1998; Tepper, 2000).

10.2. Social intelligence and social capital

It is often observed that conventional measures of analytical reasoning such as IQ test scores (Sternberg, Wagner, Williams, & Horvath, 1995), as well as grades in school (Stanley, 2000), do not correlate strongly with measures of success in later life. In response to this, Sternberg (1988) has offered a triarchic model of intelligence that proposes that intellectual functioning is best viewed as consisting of analytical reasoning ability, social intelligence, and creativity. Analytical reasoning refers to the ability to use deductive thinking, social intelligence covers the ability to accurately interpret the actions of others and interact effectively with them (sometimes referred to as “street smarts”), and creativity refers to the ability to generate many possible solutions to a particular problem. Sternberg’s model is particularly interesting because it suggests the existence of an optimal combination of abilities for predicting effectiveness in a specific real-world setting. That is to say, some jobs may require relatively more analytical reasoning ability (e.g., financial analysts), while others likely require greater social intelligence (e.g., sales) or creativity (e.g., research-and-development). While Sternberg and Horvath (1999) and Sternberg, Wagner, and Okagaki (1993) have developed instruments to assess tacit knowledge (i.e., action-oriented knowledge that is practical, and acquired often through experience) for such occupations as law, medicine, traditional management, sales, and teaching, they have not, as yet, tackled the role of entrepreneurship. The application of their measures of managerial tacit knowledge to entrepreneurial samples may yield interesting insights in comparison to traditional managers. In addition, the development of uniquely tailored measures for understanding entrepreneurial tacit knowledge would be of great practical value for identifying and nurturing entrepreneurial interests.

Perhaps, a good starting point for developing a model of entrepreneurial “street smarts” (social intelligence) can be found in the work of Robert Baron on social skills that relate to entrepreneurial success. Baron (2000a,b) has identified specific social competencies that are
likely to play a role in an entrepreneur’s success. These competencies encompass the ability
to correctly gauge the current moods or emotions of others, proficiency in inducing positive
reactions in others by enhancing one’s own appearance and image (i.e., impression
management), effectiveness in persuasion, and the ability to adjust to a range of social
situations with a range of individuals (social adaptability). These interpersonal skills
contribute to the accumulation of personal social capital. Social capital is defined as the
actual and potential resources that individuals gain from knowing others, being included in
social networks, and possessing a positive reputation. All things being equal, entrepreneurs
with greater social capital should be more successful relative to other entrepreneurs. Although
no published work has, as yet, appeared on this critical contrast, two observations are
immediately apparent. First, the overlap with Sternberg’s concept of social intelligence is
striking, and suggests that these points of view can be informative to each other. Second,
arguments (and evidence) that demonstrate that social capital is uniquely important to
entrepreneurs relative to traditional managers and other professions need to be generated.
For example, it seems reasonable that attorneys and faculty members would also be more
successful in advancing their careers if they are comparably stronger on social capital.
Therefore, social capital may be a general “life skill,” rather than a uniquely entrepreneurial
skill. Nonetheless, the parallel approaches offered by Baron and Sternberg merit serious
consideration in any comprehensive model of entrepreneurial success.

10.3. Substitutes and neutralizers of entrepreneurship

Kerr and Jermier (1978) have proposed that, in some circumstances, a leader’s behavior
becomes unnecessary or superfluous. The essential aspects of these circumstances are termed
substitutes or neutralizers for leadership. The characteristics that contribute to these
substitution or neutralization effects are features of the task (e.g., if it is structured and
routine, provides feedback, and is intrinsically satisfying), features of the subordinates (e.g., if
they are experienced, highly trained, or have a professional orientation), and features of the
firm (e.g., physical distance between the subordinates and supervisor, and detailed proce-
dures). By and large, the features that Kerr and Jermier have identified should extend readily
to start-up firms and the ability of owners/founders to influence subordinate behaviors. As the
arguments for extending their view to small businesses are compelling, an empirical test
seems warranted.

10.4. Training and development

Training and development has a long and relatively well-accepted tradition in the
developed nations. Many large organizations invest substantial dollars in supervisory and
managerial training and development programs. Probably less clearly defined or widely
accepted is the notion of entrepreneurial training and development. David McClelland’s early
efforts at raising achievement motivation notwithstanding (Durand, 1975; McClelland, 1965),
the most prevalent and implicitly popular perspective is probably that entrepreneurs are
“born, not made.” Entrepreneurial interest is thought to reflect a “type” and requires a self-
selection or self-nomination process. In addition, the responsibility of identifying and developing such individuals is not clearly an assigned social responsibility (excluding various government assistance programs or large firms that seek to develop an internal entrepreneurial spirit). Nonetheless, some individuals (taking responsibility for their own careers) do seek out entrepreneurial training opportunities. It is difficult to specify how such training programs should differ from traditional leadership/managerial training programs (beyond, of course, studying such practical techniques as developing a business plan and securing venture capital). Generally, the topics pertaining to interpersonal relations can be largely borrowed from available social science evidence relating to techniques in social persuasion, power and politics, social skill training, and established models of leadership (e.g., LMX, Situational Leadership Theory, charismatic perspectives, managerial grid). Determining the effectiveness of such training programs raises another set of interesting questions. Beyond the reasonable outcome measures of whether individuals subsequently pursue a start-up and are successful (as measured by longevity, growth, etc.), assessments of the impact of such programs should also demonstrate gains in personal beliefs of entrepreneurial self-efficacy (Chen et al., 1998) and confidence of success (Cooper et al., 1988).

As suggested by Baron (2000a), a social skills training emphasis for entrepreneurs should include giving feedback on current social skills (e.g., by creating videotapes, with critiques, of interactions with others) and training in active rehearsal techniques (e.g., on public speaking and interviewing). Additionally, the effectiveness of entrepreneurial training may be enhanced by incorporating techniques from the domain of assessment centers. For example, techniques such as in-depth interviews, decision-making exercises (such as modified in-baskets that reveal decision-making style), test batteries, role-plays (that reveal interpersonal tendencies), and situational tests (that can reveal preferred responses to stress), can be employed to assess an individual’s strengths and weaknesses, and to suggest areas where a person needs counseling and greater skill development. The benefits of such extensive assessment and subsequent skills training should be of particular value to minorities and women, who will continue to grow as a proportion of the U.S. workforce (Judy & D’Amico, 1997), but who have comparatively lower rates of entrepreneurial involvement and who may lack role models and understanding of how best to launch new firms (Anna, Chandler, Jansen, & Mero, 2000; Fairlie & Meyer, 1996).

11. Merging dynamic and level issues: a model of entrepreneurial leadership

A number of writers (cf. Gartner, 1985; Low & MacMillan, 1988) have suggested that firm start-ups move through specific sequential stages. These stages often include identifying an opportunity, amassing resources, delivery of services or products, responding to internal and external forces, etc. Stevenson, Roberts, and Grousback’s (1995) five-stage model provides a useful foundation for the present discussion. Specifically, they proposed that start-ups involve the following stages: evaluating the opportunity, developing the firm’s concept, assessing required resources, acquiring needed resources, and managing/harvesting the business. With some modification, these stages can be incorporated into a model as portrayed in Fig. 1. The
The present extension of their model includes a recognition that founders also serve as leader/managers during the entire process, and are engaged continuously in the creation of the firm’s culture (Schein, 1983; Smith & Vecchio, 1993). Further, a discussion of the life cycle of a firm should recognize that the role of founder also necessarily involves an exit event (planned or otherwise).

Beyond merely laying out or describing these stages, the model proposes that certain psychological factors may be more critical at some stages than others. Further, certain economic factors may be of greater importance at specific stages as well. Prior efforts to relate psychological factors to entrepreneurship have failed to consider that factors may vary in importance according to the stage of a firm’s existence. In addition to ignoring process issues, prior psychological research has ignored the role of broader contextual or economic factors. Therefore, a more comprehensive model that incorporates both process and context in attempting to explain entrepreneurial behavior would likely be of the type portrayed in Fig. 1.

Fig. 1. A model of entrepreneurial leadership that integrates process and level influences.

<table>
<thead>
<tr>
<th>Stages of Firm Start-Up</th>
<th>Pre-launch and Launch</th>
<th>On-going Concern</th>
<th>Exiting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actions</td>
<td>Develop Concept</td>
<td>Manage Resources</td>
<td>Disengage</td>
</tr>
<tr>
<td></td>
<td>Evaluate Opportunities</td>
<td>Harvest Results</td>
<td>Depart</td>
</tr>
<tr>
<td></td>
<td>Assess Resources</td>
<td>Culture Creation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Acquire Resources</td>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Relevant Micro-Macro Factors</th>
<th>Psychological Factors</th>
<th>Big Five</th>
<th>Social Capital</th>
<th>Demographics (as surrogates)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Economic Factors</td>
<td>Capital Availability</td>
<td>External Threats</td>
<td>(competitors, market exhaustion, innovations)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Alternative Opportunities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Support Mechanisms</td>
<td>Financials</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Psychological Factors</th>
<th>Big Five</th>
<th>Social Capital</th>
<th>Follower Attributes</th>
<th>Strategic Response</th>
<th>Person-System Fit</th>
<th>Framing &amp; Biases</th>
<th>Fatigue</th>
<th>Family</th>
</tr>
</thead>
</table>

This model suggests that the process of firm start-up must recognize at least three phases: prelaunch and launch, the ongoing concern, and exiting. The critical actions that define each phase (listed below the headings in the model) do not necessarily fit neatly into these columns, to be sure, as the creation of culture, for example, can begin even during the pre-launch phase. Nonetheless, this basic three-part process acknowledges that dynamics and focus will vary depending on stage of development. Admittedly, it is rare to include the topic of entrepreneurial exiting in a model of a firm start-up. Relatively little has been written on this topic (Carroll & Delacroix, 1982), and often discussions of exiting deal mostly with dysfunctional aspects of departure. Yet, the reality of founders eventually exiting or transferring control at some point should be attended to in any full model of the en-
trepreneurial process. For example, factors such as overconfidence that may enhance the likelihood of a successful start-up (as noted earlier) may also contribute to later difficulties for the firm’s viability.

At each of the three stages in the model, micro- and macro-level variables can be identified as being potentially more important in accounting for relative success/failure. At the earliest phase, the entrepreneurial Big Five are arguably all relevant. Unfortunately, efforts to relate these five dimensions have not revealed strong evidence. Perhaps, this weak set of results is partly due to the prior failure to incorporate (a) a broader set of critical psychological factors (such as social capital, and demographic surrogates that may be important as controls for other influences) and (b) contextual–economic factors (e.g., the use of support mechanisms such as incubators and mentors). The key point is that research on relative success at the early stage of a firm start-up should recognize the need to study more than unitary-level and univariate typologies.

As the start-up process moves to the establishment and management of the more routine aspects of an ongoing concern, the critical psychological and economic influences will change as well. For example, various dimensions of the Big Five may be of relatively less importance, while issues traditionally related to effective leadership/management may be of greater relevance (e.g., managing followers’ attitudes and behaviors, crisis management, designing a strategic response to environmental change). Because founders have the freedom to modify the larger system to accommodate their preferred style (be it hierarchic/bureaucratic versus task), issues of person-fit also become more critical to success. Founders who change or introduce system features to match their style (e.g., a hierarchic founder who creates greater routinization) may be at a relative advantage, ceteris paribus. Cognitive framing and biases may also have differential impact at this stage of a firm’s life as, for example, the down-side cost of hubris and narcissism may increase because of the potential for turning accumulated successes into substantial failure. At the ongoing concern stage, economic factors probably are a significant source of external threats. For example, the entry of competitors, changes in technology, and the exhaustion of a market exemplify threats that require an effective strategic response. However, the critical point that merits restating is that relative success at this second stage is a function of contextual–economic factors, individual–psychological factors, and their interaction.

Ultimately, entrepreneurs do disengage and depart from their firms (even if only via their own deaths). Although comparatively little academic discussion has been devoted to the topic of entrepreneurial exiting, it seems likely that psychological and economic factors can again have relatively distinct, as well as interactive, influences on entrepreneurial withdrawal. Problems of fatigue (declining health, loss of interest) and family succession (when later generational members do not wish to take over the firm or when they actively resent the firm’s claim on parental time and attention) are commonly reported by otherwise successful founders. Beyond personal psychological factors that influence the decision to withdraw as the owner/manager, financial exigencies may dictate a founder’s departure (e.g., impending bankruptcy, legal distress, foreclosure, or an attractive buy-out opportunity). Again, the interplay of economic and psychological factors (e.g., what types of entrepreneurs are more likely to be enticed by a buy-out offer?) has not received serious attention in the social science
journals. Moreover, the dynamic process aspects of entrepreneurial activity (from pre-launch through exit) should be integrated with individual and contextual factors when attempting to explain entrepreneurial activity and success. The past tendency to ignore both process and level/contextual influences has generated a pattern of fragmented and mixed empirical findings. A more comprehensive, integrated approach to the study of entrepreneurship holds the promise of refining the theoretical base with a broader measurement approach, while encouraging the cross-fertilization of otherwise exclusive academic perspectives.

12. Conclusion

While casual observation leads many of us to believe that people who start firms are inherently different from people who seek employment in large existing firms, studies of entrepreneurs have not yet offered a convincing profile of factors that clearly make entrepreneurs different from others. While some tantalizing, suggestive results have been found, the reliability and magnitude of these associations have not been impressive. In addition, some issues are severely under-researched (such as personal need for independence), while others that are more heavily researched (such as risk-taking propensity) do not yield a consistent pattern of findings. Further, Miner’s theory of person–system fit (perhaps, one of the more promising avenues of research, in terms of theory and strength of findings) has not received much attention in recent years. This neglect may partially stem from reliance on measures (role sentence completions) that involve more elaborate scoring procedures in comparison to other paper-and-pencil measures.

At the outset of this review, the question was posed: Does entrepreneurship offer theory and findings that are so distinctly different that they justify a separate status, outside the area of leadership? Following our examination of the available literature, it seems reasonable to conclude that; (a) many of the constructs used in the area of entrepreneurship are also found within the mainstream of leadership theory; (b) the findings are not beyond being incorporated within available scholarship on leadership and interpersonal influence (i.e., entrepreneurship is leadership within a narrow, specific context); (c) the findings in entrepreneurship have not yet identified nonlinear associations or disjointed patterns of results that are clearly context-specific; and (d) there is a lack of (as well as a critical need for) study of so-called entrepreneurial types when they are employed in traditional work settings that would establish whether they are in any way distinguishable from other employees (post hoc, or retrospective recall, reports suggest they may be relatively dissatisfied when employed in such settings, but empirical evidence of their in-place sentiments and the opinions of their supervisors and peers have not been reported). Until these concluding points are empirically refuted, perhaps, it is more cogent and parsimonious to view entrepreneurship as simply a type of leadership that occurs in a specific setting and, like many other small group manifestations of leadership (e.g., coaching sports teams, organizing volunteer workers, etc.), a type of leadership that is not beyond the reach or understanding of available theory in the areas of leadership and interpersonal influence. While some might contend that there is instructional value in treating entrepreneurship as a
specialized topic, it is important (and more honest) to acknowledge that the phenomenon is less clearly unique or distinctive than it is a specific instance of a more general social process.

References


