

Eighth Edition

Entrepreneurship

**Entrepreneurial Intentions
and
Corporate
Entrepreneurship**

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The Intention to Act Entrepreneurially

- Entrepreneurial intentions –
 - Motivational factors that influence individuals to pursue entrepreneurial outcomes.
- Intention is stronger when an action is perceived to be feasible and desirable.
 - Entrepreneurial self-efficacy - Conviction that one can successfully execute the entrepreneurial process.
 - Perceived desirability - The degree to which an individual has a favorable or unfavorable evaluation of the potential outcomes.

Entrepreneur Background and Characteristics

- Education
 - Provides a background about starting a business.
 - Helps in the development of communication skills and problem-solving skills.

Entrepreneur Background and Characteristics

(cont.)

- Age
 - Most entrepreneurs initiate their entrepreneurial careers between the ages of **22 and 45**.
 - Male entrepreneurs tend to start their ventures in their early 30s, while women entrepreneurs do so in their middle 30s.

Entrepreneur Background and Characteristics

(cont.)

- Work History
 - The decision to launch a new venture can be influenced by:
 - Dissatisfaction with one's job.
 - Previous technical and industry experience.
 - Managerial skills and entrepreneurial experiences are also important once the venture starts growing.
 - Previous start-up experience is a relatively good predictor of starting subsequent businesses.

Role Models and Support Systems

- Role models –
 - (Individuals influencing an entrepreneur's career choice and style)
 - Can be parents, family members, or other entrepreneurs.
 - Successful entrepreneurs are viewed as catalysts by potential entrepreneurs.
 - Role models can serve in a supportive capacity as mentors by providing information, advice and guidance.
 - Entrepreneurs need to establish connections and networks in the venture formation process.

Role Models and Support System

(cont.)

- Moral-Support Network
 - It is important for entrepreneurs to have a cheering squad (individuals who provide psychological support).
 - Friends can provide honest advice, encouragement, understanding, and assistance.
 - Relatives can be strong sources of moral support, particularly if they are also entrepreneurs.

Role Models and Support System

(cont.)

- Professional-Support Network
 - Entrepreneurs need advice and counsel throughout the establishment of the new venture which can be obtained from:
 - Mentors.
 - Business associates.
 - Suppliers.
 - Trade associations.
 - Personal affiliations.
 - Entrepreneurial activity is embedded in networks of interpersonal relationships.

Managerial Versus Entrepreneurial Decision Making

- Entrepreneurial management is distinct from traditional management in terms of:
 - Strategic orientation.
 - Commitment to opportunity.
 - Commitment of resources.
 - Control of resources.
 - Management structure.
 - Reward philosophy.
 - Growth orientation.
 - Entrepreneurial culture.

Distinguishing Entrepreneurially Managed from Traditionally Managed Firms

Entrepreneurial Focus	Conceptual Dimension	Administrative Focus
Driven by perception of opportunity	Strategic orientation	Driven by controlled resources
Revolutionary with short duration	Commitment to opportunity	Evolutionary with long duration
Many stages with minimal exposure	Commitment of resources	A single stage with complete commitment out of decision
Episodic use or rent of required resources	Control of resources	Ownership or employment of required resources
Flat with multiple informal networks	Management structure	Hierarchy
Based on value creation	Reward philosophy	Based on responsibility and seniority
Rapid growth is top priority; risk accepted to achieve growth	Growth orientation	Safe, slow, and steady
Promoting broad search for opportunities	Entrepreneurial culture	Opportunity search restricted by controlled resources; failure punished

- Corporate Entrepreneurship
 - Entrepreneurial action within an established organisation.

- Causes for Interest in Corporate Entrepreneurship

- Freedom of Decision Making.
- New search for meaning and impatience has caused more discontent in structured organizations.
- Organizations are encouraging corporate entrepreneurship i.e. stimulating, and capitalizing on, employees who think that something can be done differently and better.

- Corporate entrepreneurship is most strongly reflected in the following endeavors:
 - New business venturing (corporate venturing)
 - The creation of a new business within an existing organization.
 - Innovativeness
 - Self-renewal
 - Transformation through renewal of the key ideas on which an organization is built.
 - Proactiveness
 - Includes initiative, risk taking, competitive aggressiveness, and boldness.

Leadership Characteristics of a Corporate Entrepreneur

- Understands the Environment
- is visionary and Flexible
- Creates management Options
- Encourages Teamwork
- Encourages Open Discussion
- Builds Coalition of Supporters
- Persists (Not Giving Up)

Establishing Corporate Entrepreneurship in the Organization

- Step one:
 - Secure a commitment to corporate entrepreneurship in the organization by top, upper, and middle management levels.
 - Establish initial framework and embrace the concept.

Establishing Corporate Entrepreneurship in the Organization (cont.)

- Step two:
 - Identify ideas and areas that top management is interested in supporting.
 - Identify amount of risk money available to develop the concept.
 - Establish overall program expectations and target results of each corporate venture.
 - Establish mentor/sponsor system.
- Step three:
 - Use of technology to ensure organizational flexibility.

Establishing Corporate Entrepreneurship in the Organization **(cont.)**

- **Step four:**
 - Identify interested managers to train employees and share their experiences.
- **Step five:**
 - Develop ways for the organization to get closer to its customers.
- **Step six:**
 - Learn to be more productive with fewer resources.

Establishing Corporate Entrepreneurship in the Organization (cont.)

- Step seven:
 - Establish a strong support structure for corporate entrepreneurship.
- Step eight:
 - Tie rewards to the performance of the entrepreneurial unit.
- Finally:
 - Implement an evaluation system that allows successful entrepreneurial units to expand and unsuccessful ones to be eliminated.