

THE ENTREPRENEURIAL HEXAGON- A THEORETICAL FRAMEWORK

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Abstract

The success of any business organization depends on the way it is being managed. There are several factors that make an entrepreneur to be perceived as successful that includes a list of personality or individual traits that can influence the entrepreneurship behaviour. There can be a possible difference of opinions regards the perceived significance of these attributes from person to person. The article aims at exploring six such dimensions of entrepreneurship that can be instrumental in running a business with least possible confusions and uncertainties coming across with an emphasis on the behavioural and administrative dynamics of the entrepreneur.

Keywords: Business, Behaviour, Dimension, Entrepreneur, Performance, Success.

Introduction

The term Entrepreneur refers to a person who take up new initiatives that are creative and innovative in nature and ensures the implementation of the same in his/her operational locus with an emphasis on economies of scale so that the business runs into profits that elevates the confidence of taking few more initiatives. Research on dynamics of entrepreneurial personality across decades has revealed that every successful entrepreneur possess a set of personality traits that are unique and are instrumental in differentiating self from others. Six such dimensions as explored and stated by Howard Stevenson, A Professor Emeritus at Harvard University, from one of is his article for Cambridge are discussed in the article.

Literature Review

Innovation, Persistence, Optimism, Creativity, Self-Confidence, Conflict Handling, Need for autonomy, Risk taking ability are the traits mostly associated with a successful entrepreneur (Martin P, 1999). It was revealed by Desai (2001) that success of an entrepreneur is the result of possession of attributes such as care for personal relations, emotional stability and tactfulness. In 2003 Ehigie and Umoren, in their study, discussed that work stress, managerial competence, commitment towards business and self-concept are significant psychological variables that contribute to the perceived success of female entrepreneurs.

In 2004, Viral Acharya stated that success of an entrepreneur relates to self efficacy and locus of control, in a comparative study done by him. Robbin and Judge, in 2009, identified certain traits that have considerable impact on business performance in their study on examining the entrepreneurial personality traits. The study revealed that tolerance of ambiguity and internal control of locus will directly influence the success of business and will have an indirect influence on business process.

The Entrepreneurial Hexagon

The hexagon of entrepreneurship discussed is neither confined to traits of personality nor limited to be an economic function. Rather it is a pattern, cohesive in nature, that measures managerial behaviour. Entrepreneurship can be referred to as a management approach in pursuit of an opportunity regardless of the current resources under control.

The six dimensions examine a range of behaviours. At one end we have the Promoter who always is confident of his/her abilities to pursue an opportunity with least regard to the resources available in hand. The other end speaks about the Trustee emphasizing on utilisation of existing resources efficiently.

Even though the promoter and trustee have defined the end points of their respective spectrums, there can be various other behavioural aspects lying between them. Let us start exploring and understanding them.

Strategic Orientation

It explains about various factors that are instrumental in heading an organization towards formulating strategies. The Promoter is a person truly driven by opportunities with a determined orientation. They will be driven by their own perception of opportunities existing in their environment and will not be compelled to be confined to the resources in hand. They always explore for opportunities existing around. On the other hand, a trustee is a person who thinks of exploring the ways in which they can utilize the resources that are under their control.

Across traditions, definitions, the entrepreneur has been perceived to be creative, innovative and opportunistic, wherein it is not mandatory to go for a new opportunity always. It can be generally agreed upon that an opportunity can also be an optimum mix of old ideas or an innovative or creative application reaped out of different traditional approaches. It has however been observed that organizations tend to leverage on the existing resource in the process of searching for opportunities.

Let us have a look at some of the factors that can influence the locus of entrepreneurial behaviour

- The stream of opportunities that are available may exhibit a trend of diminishing in nature. This may be because of the exhaustive usage of old opportunities by continuously value adding them with certain new options, which may not be possible any more.
- The rapid technological dynamics make the old ones obsolete besides creating fresh opportunities. There can be considerable change observed in the willingness to buy new products and services and way of defining new standards and styles as a part of social values. The inevitable competition can as well be affected through new standards, product safety and deregulation.
- The administrative forces that may possibly pull down the organization can be the extent and ways of using the infrastructure acquired including human resources.
- The measure and evaluation of performance is another key aspect that can influence the operational atmosphere of any organization. The count and analysis of the employees to be turned off, to be retained, to be elevated etc., include the aspects of consideration, when the performance of an employee is measured as against the targets set.

- The time period of cycle of opportunities may not be too large. There is no guarantee that opportunities tend to arrive at the initial stage of planning and last for the entire duration of the planning process. Exploring and grabbing opportunities that are timely available with a due consideration of their volatility is a vital element to succeed as an entrepreneur.

Commitment to Opportunity

Innovation and creativity does not cover the entire spectrum of entrepreneurship requirements. A few value additions in behavioural aspects are required, one of which is the second dimension of discussion called Commitment. Opportunities does not wait for us, they have to be explored and grabbed immediately before some else does that. After an opportunity is identified it has to be worked upon from various quadrants to achieve the objective and utilise the opportunity in an effective manner. Commitment refers to a sustained pursuit of the opportunity beyond its identification where many of us fail and will be unable to travel along consistently across the journey of succeeding in utilising the opportunity.

Promoter always acts within a short time and believe in a quick chase of opportunity wherein it is time consuming for a trustee and once made, it will be for a long duration. In comparison to promoters trustees move slowly and sometimes their reduced pace make them appear to be static and even frozen.

The ability and willingness to move in and out quickly can elevate the reputation of an entrepreneur. Sometimes the short term and quick action may prove risky and may not lead to success. The knowledge of the territory in which they operate is the key. Proper awareness of the chosen domain can make them predict the possible dynamics and thus be careful in their approach facilitating the commitment to act fast upon when compared to others.

In this context various forces that can influence the movement of business towards the end of the spectrum of entrepreneurship are as below

- Action that is oriented towards customers, work force and the financial resources available.
- The windows of short and quick decisions
- Managing the risk of misuse or overuse of revenue by having a control over the flow of revenue streams floated towards commitment on new projects.
- Limited delegation or decentralisation for decision making facilitating increase flexibility with reduces number of responsibilities.
- The projects that can are compatible and feasible with the existing bunch of resources need to accepted to ensure smooth flow of operation with the committed participation of existing work force.

Commitment of Resources

One of the qualities of successful entrepreneurs is the extent of commitment of resources across various stages with a minimal commitment at each stage.

The challenge is gauging the sufficiency of available resources to pursue the opportunity. The gap between the committed resources and the potential return has always been a significant consideration. Optimum utilisation of resources can be a solution provided the entrepreneur should

be able to plan and implement it accordingly. The trustee faces this wide thorough analysis and at a commitment of large scale after deciding to act upon. This dimension gives us a typical stereotypic traditional entrepreneur whose dedication levels are temporary, who always seem to be uncommitted and tentative. This questions the reliability of the image of entrepreneur. In this inevitably dynamic and competitive business environment this multi stage resource commitment will definitely give an edge to the business to cope up with the changes.

Some of the factors that influence the commitment of resources are as below

- Prediction of the resources needed that urges the entrepreneur to commit less at present in view of the future requirement.
- External factors such as environment, politics and technology may bother at times and thereby the control on the commitment of resources may get diluted. Need to be careful on this.
- The intensity of the extent of resources committed in the multi stage process enable us to have the advantage of the small commitments.
- The risk involved within can be wiped off by ensuring availability of resources in excess of what is level of requirement having proper planning process in place.

Control of Resources

Having a proper control on the resources deployed for the opportunity is very crucial in determining the success of an entrepreneur. Some people use the resources of others as and when required to meet their present requirements and to have a proper estimate the extent of resources needed in the future. One has to be aware of certain resources that are not to be owned at any time. Many organizations avail the expert services in an outsourced model as the need for such expertise may be temporary so that they will not fall into a fixed long term commitment by employing an expert. An exploitative trait of entrepreneur can be derived from this model. It is supported by the ability and smartness of entrepreneur in exploring and utilising the skills and ideas of others. On a positive note this competency has become the prerequisite in the ever changing business market.

Few factors that influence this model of entrepreneurship are as below

- Specialisation in usage of resources is the key as it facilitates an apt decision taken in time. The aspect of availing the outsourced expertise can be an example.
- Obsolescence is a risk within that need to be minimised to the best possible extent. Using the resources rather than owning them can reduce the risk considerably.
- The flexibility inherent in using the resources of others rather than owning them can reduce the cost of quitting the opportunity.
- The extent of control over administrative aspects such as finance and power need to be determined properly.

Management Structure

Promoter seeks feedback on his/her progress through varied channels. It can be in the form of direct contact with the participating employees or in indirect form. On the other hand trustee wants more formal relations having the rights and responsibilities formally and specifically delegated across.

It has been attempted by many intellects to have a clear distinction between administrator and entrepreneur. It is suggested that being a good entrepreneur precludes someone being a good manager. This model marks entrepreneur as a person who synchronises ideas besides being egocentric. In spite of having a clear difference between managerial and entrepreneurial tasks, skills to manage are essential. The choice made on usage of appropriate tools makes the difference. More entrepreneurial management is a function of several pressures:

Factors influencing the management structure can be

- Good coordination of all the controlled and non controlled resources can be source for increased levels of planning and controlling the outside resources.
- Increased Flexibility facilitated by the informal and flat structure of the organization.
- All the concerns relating to ownership, health and safety measures need to be properly planned and addressed.
- An independent environment crested within makes employees feel that they are not compelled to accept the structure of authority that does not value persuasion and competence.
- The responsibilities across various levels of authorities need to be very clear in nature.
- A possible reward system can act as an encouraging for the span of control of the entrepreneur.

Reward Philosophy

In general entrepreneurs want their business to be driven towards creating and elevating the value, that too in startups the founders themselves would have invested and believe in having cash out in return. In addition to this value philosophy compensation will be based on the performance where there is a close relation between performance and value creation. Entrepreneurs will definitively be comfortable in rewarding their teams.

Some of the influencing factors of reward policy can be listed as under

- Every individual will aspire for creation of personal wealth. Hence everyone must be compensated equivalently as per their contributions.
- Increased competition may result in loss of valuable human resources if they are not rewarded or compensated well accordingly.
- A transparent reward policy needs to be in place to wipe off all possible confusions.
- Measuring and analyzing individual contributions need to be done with utmost care as the same, if not done properly can have a negative impact on the performance.

Conclusion

In the process of development of entrepreneurial behavioural theory there is a vivid indication that entrepreneurship can be defined beyond the confinement of itself to a set of personality or individual traits and have a clear distinction from being a mere economic function. Rather it can be emphasized to be a cohesive approach to managerial behaviour. The six dimensions discussed here contribute for a theoretical framework that can be a valuable source for any entrepreneur to explore and examine the behavioural dynamics of entrepreneurship carefully so that he/she can be a successful business person with an effective and efficient management of situations across times.

This perspective on entrepreneurship discussed clearly distinguishes entrepreneurship with intrapreneurship, with the former being an approach to management feasible and even compatible in startup stage as well as in an established stage. The resource accumulation across the operational periodicity of the business acts as a powerful source that influences the behaviour of an entrepreneur in large scale undertakings, besides the fundamentals remaining same as always.

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