

# **BS569 Innovation and Entrepreneurship**

## **Individual Assignment – Entrepreneurship in the 21<sup>st</sup> Century**



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## 1.0 EXECUTIVE SUMMARY

This short paper begins by defining the very nature of an entrepreneur. It highlights the roles of an entrepreneur throughout history and lists the main traits associated for successful entrepreneurs in the world of the 21<sup>st</sup> century. An iconic cartoon figure is briefed upon, and entrepreneurial reference in biblical terms is also given. Reference is also made to distinct schools within entrepreneurship.

Lastly, the likely trends of entrepreneurship within the 21<sup>st</sup> century are given alongside some statistics from two developed nations and a case study in Russia's entrepreneurial activity is also contrasted. Ultimately it is seen that the role of the future entrepreneur is to balance acts of sustainability alongside the generation of wealth for the incumbent at hand.

## 2.0 INTRODUCTION

An entrepreneur has been traditionally the leading element within economic undertakings within society (Nijkamp and Stough, 2002). Society has witnessed a shift of interest in macro-economic towards micro-economics, where entrepreneur activity is most widely relevant, and “we witness an increasing popularity of the ‘entrepreneurial hero’, who is often seen as the change agent in a modern economy” (Nijkamp and Stough 2002, p.169).

The 21<sup>st</sup> century has displayed a major focus in matters pertaining to innovation and technological change. The adoption of new technology and skills in this digital age has been given much attention in books pertaining to social behaviour, science and technology fields. However, of lesser attention in literature are the linkages between entrepreneurship and society’s adaption to emergence within the 21<sup>st</sup> century. Entrepreneurship is a socio/cultural economic behaviour which is dependent on local conditions across the globe and hence the individual policy initiatives established by the government(s) of each incumbent country. “Clearly, in the general literature on industrial economics much interest has been directed toward entrepreneurial behaviour and leadership” (Nijkamp and Stough 2002, p.169).

### 2.1 ENTREPRENEUR DEFINED

The word entrepreneur correlates to the meaning of ‘undertaker’, that is, an agent that ensures businesses flourish. Hisrich and Peters (1998), as cited in Tilley and Young (2009, p.80), highlight the work of Richard Cantillon who in the 18<sup>th</sup> century wrote about individuals who buy the means of production, as well as materials, at prices that enabled ingenuity to combine both processes in order to form them into a new product.

Thornton (1999, p.20) defines entrepreneurship as an amalgamation of the views of three separate works (Gartner 1988; Reynolds 1991; Low & Abrahamson 1997) where it is held that the creation of new organisations must take place so as to occur in such a manner that it is context-dependant whilst adhering to a social and economic process. Thornton (1999) draws on various literatures to establish what is

known about how, where, and why a new enterprise is founded through entrepreneurial means.

**Common characteristics of entrepreneurs:**

- “Total commitment, determination and perseverance
- Drive to achieve and grow
- Opportunity orientation and goal orientation
- Taking initiative and personal responsibility
- Persistent problem solving
- Realism and a sense of humour
- Seeking and using feedback
- Internal locus of control
- Calculated risk taking and risk seeking
- Low need for status and power
- Integrity and reliability”

(Frederick and Kuratko 2010, p.40).



**Figure 1: Felix the Cat (Cartoon Character)**  
- a lead up to the 21<sup>st</sup> century

**25 Common characteristics of successful entrepreneurs:**

1. “Do what you enjoy.
2. Take what you do seriously.
3. Plan everything.
4. Manage money wisely.
5. Ask for the sale.
6. Remember it's all about the customer.
7. Become a shameless self-promoter (without becoming obnoxious).
8. Project a positive business image.
9. Get to know your customers.
10. Level the playing field with technology.
11. Build a top-notch business team.
12. Become known as an expert.
13. Create a competitive advantage.
14. Invest in yourself.
15. Be accessible.
16. Build a rock-solid reputation.
17. Sell benefits.
18. Get involved.
19. Grab attention.
20. Master the art of negotiations.
21. Design Your workspace for success.
22. Get and stay organized.
23. Take time off.
24. Limit the number of hats you wear.
25. Follow-up constantly”

(Stephenson 2009).

“Felix has been said to represent a child's sense of wonder, creating the fantastic when it is not there, and taking it in stride when it is. Felix's multipurpose tail – a shovel, an exclamation mark, a pencil – only serves to emphasize that anything can happen in the entrepreneur world.”

### 3.0 ENTREPRENEURIAL MATTERS

Thornton (1999) identifies entrepreneurial literature as being classified into two distinct schools, that is: one taking the demand-side perspective and the other, the supply-side perspective. The demand-side focuses on the number of entrepreneurial roles that needs to be filled by society whereas the supply-side co-relates to the availability of individuals to occupy entrepreneurial positions.

The ability to succeed in business, investment banking or stock trading is a talent that must be recognised by religion – that is, religion must recognize entrepreneurship as a vocation. Entrepreneurship should be used to the fullest glory of God, in ethical standards, and not be squandered as an asset that has no morals (Sirico 1994). In this modern age it is quite common for the public to link capitalism with greed, but it should be noted that the underlining nature of entrepreneurship is to focus on the needs of customers and society at large. Entrepreneurial goal ought to pertain to the use of their talent and not greed, the latter co-relates to immoral conduct.

The parable of talents (referenced in Appendix A) illustrates further that people of faith are required to narrow the chasm that exists between economic understanding and religion. Jesus' parable displays good morality of enterprise and the concept of Christian ethics that will still prevail well into the 21<sup>st</sup> century (Sirico 1994).

## 4.0 TRENDS IN ENTREPRENEURSHIP

Gartner & Shane 1995 (cited in Thornton 1999) argue today's societies show entrepreneurship has been occurring at a significant higher rate than at any other time in the last century. Reynolds & White 1997 (cited in Thornton 1999) show that there is evidence that suggest that entrepreneurship is acts as a career identity and lifestyle for many – this with 1 in 25 adults trying to start a new firm at any given time.

The increase in entrepreneurship has been linked to the growth of endowed chairs in positions in research bodies, professional organizations, foundations; business schools; and number of academic journals written in the field of entrepreneurship (Katz 1991; Robinson & Hayes 1991; Sandberg & Gatewood 1991 – as cited in Thornton 1999). Bull & Willard's 1993 works (cited Thornton 1999) still argue that the entrepreneurial field lacks a distinct professional identity – one defined by a unified body of knowledge with foundations on broadly agreed social theories.

The future of entrepreneurship within the 21<sup>st</sup> century can be examined by the potential of insight from institutional theory, an aspect which has broader relations within the management discipline (*Institutional theory and entrepreneurship: where are we now and where do we need to move in the future?* 2010). Institutional theory is fundamentally concerned with how individual entrepreneurial groups and organizations better secure their legitimacy and positions by conforming to the norms of the institutional climate (Meyer & Rowan 1991; Scott 2007 – as cited in Baylor University 2010). Institution, in this sense, is referred by ex ante agreements, taken for granted assumptions, interaction sequences and formal sets of rules as established by the incumbent government, society or commerce trading practices (Meyer & Rowan 1991; Scott 2007; North 1990; Jepperson 1991 – as cited in *Institutional theory...* 2010).

“Institutional theory has the potential to provide great insights for entrepreneurship and the broader management discipline” (*Institutional theory...* 2010).

The focus of institutional theory, in the 21<sup>st</sup> century, is how various organisations and groups will better secure their legitimacy by conforming to the norms and rules within

the entrepreneurial environment (Meyer & Rowan, 1991; Scott, 2007 – as cited in *Institutional theory... 2010*). Roy 1997 (cited in *Institutional theory... 2010*) dictates that entrepreneurs of this century are concerned with survival and legitimacy of an organization rather than focusing on sole efficiency-seeking behaviour. There has also been a trend away from entrepreneurial activity in this century as more individuals are seeking alternative career methods. The following diagrams depict desires of individuals wanting to be self employed or an employee to someone else:

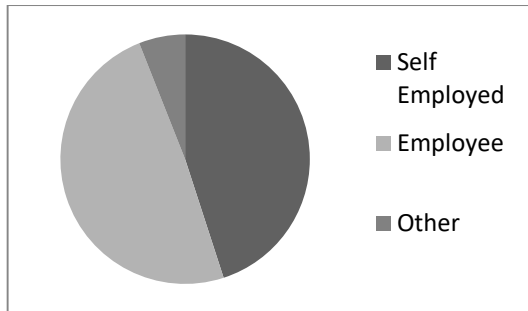


Figure 3: European trend in 2007 (Europolitics, 2010)

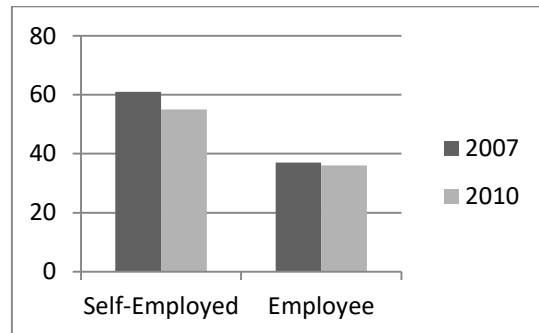


Figure 2: American trends (Europolitics, 2010)

#### 4.1 CASE EXAMPLE IN RUSSIA

Some countries are lagging behind in entrepreneurial movements. Russia, in specific, had very little entrepreneurial activity during the tsarist period and public property was even outlawed in the 1920s (*Entrepreneurship in Russia and China: the impact of formal institutional voids 2010*)! Entrepreneurial activities existed in the black market and thus entrepreneurial activity was thus historically co-related with theft from community and society at large rather than the creation of wealth.

Impetus for entrepreneurship is generally politically driven; in the case of Russia it was not until the early 1990s in which the government facilitated the activities of entrepreneurs. However, main entrepreneurial activity was established through the creation of oligarchs and individuals with great control over the country's assets. Entrepreneurship (*Entrepreneurship... 2010*). By the beginning of this century many small firms began to prosper within Russia. In contrast to American trends, Russian entrepreneurs have become more able to organize and develop their business than prior to the turn of the century. "In 2003 Russian entrepreneurs became included in Ernst & Young's Global Entrepreneur of the Year competition" (*Entrepreneurship...*



2010), this for the first time. North 1990 (as cited in *Entrepreneurship...* 2010) argues that the security of the private property is fundamental to entrepreneurship as it could guarantee protection of assets from illegal seizure. It is becoming the trend in countries worldwide to establish better laws over the legal rights of how a resource is used as well as income being generated from such sources.

#### 4.2 THE SUSTAINABLE ENTREPRENEUR

The concept of sustainability is taking considerable importance in this new century. Sustainability can be taken as the ability to ensure those future generations the resources and means to endure scarcity. Essentially it involves long-term maintenance and the well being of the natural world as well as the sensible uses of our limited resources through ethical thinking in business. The destruction of biophysical resources and Earth's ecosystems are primarily caused by the actions of entrepreneurs willing to exploit such niches in their quest of material wealth. Whether or not those resources are renewable, it still should be conscientious nature to protect and replenish Earth's environment through ingenuity and action.

Sustainable entrepreneurial business aims to have no encumbering effect on the environment, community, society or economy. Human rights policies are essential tools to be implemented by government bodies as not all entrepreneurs will opt to 'go green' if other competitors do not adhere to such commitments also. An entrepreneur may be said to be sustainable if:

- He/she incorporates principles of sustainability into each of its business decisions.
- He/she supplies environmentally friendly products (or services) that replace demand for non-green products and/or services.
- He/she is greener than traditional competition.
- He/she has made an enduring commitment to environmental principles in its business operations.

“What informs sustainability entrepreneurs' definition of wealth is their meaning of sustainable development” (Tilley and Young 2009, p.86).

In order to achieve ecological and social objectives of sustainability, in the 21<sup>st</sup> century, it is important to embrace ‘social entrepreneurs’ and ‘environmental entrepreneurs’ – such entrepreneurs could be classified as ‘sustainable entrepreneurs’ by nature without the need to incorporate the elements of sustainable development (Tilley & Young 2009). Tilley and Young (2009) argue that there are a total of 12 elements for the model of sustainable entrepreneurship (see diagram below). There is no direct route through this model and really both social and environmental entrepreneurs must be subscribed in unison for the concept to flourish (Tilley & Young 2009).

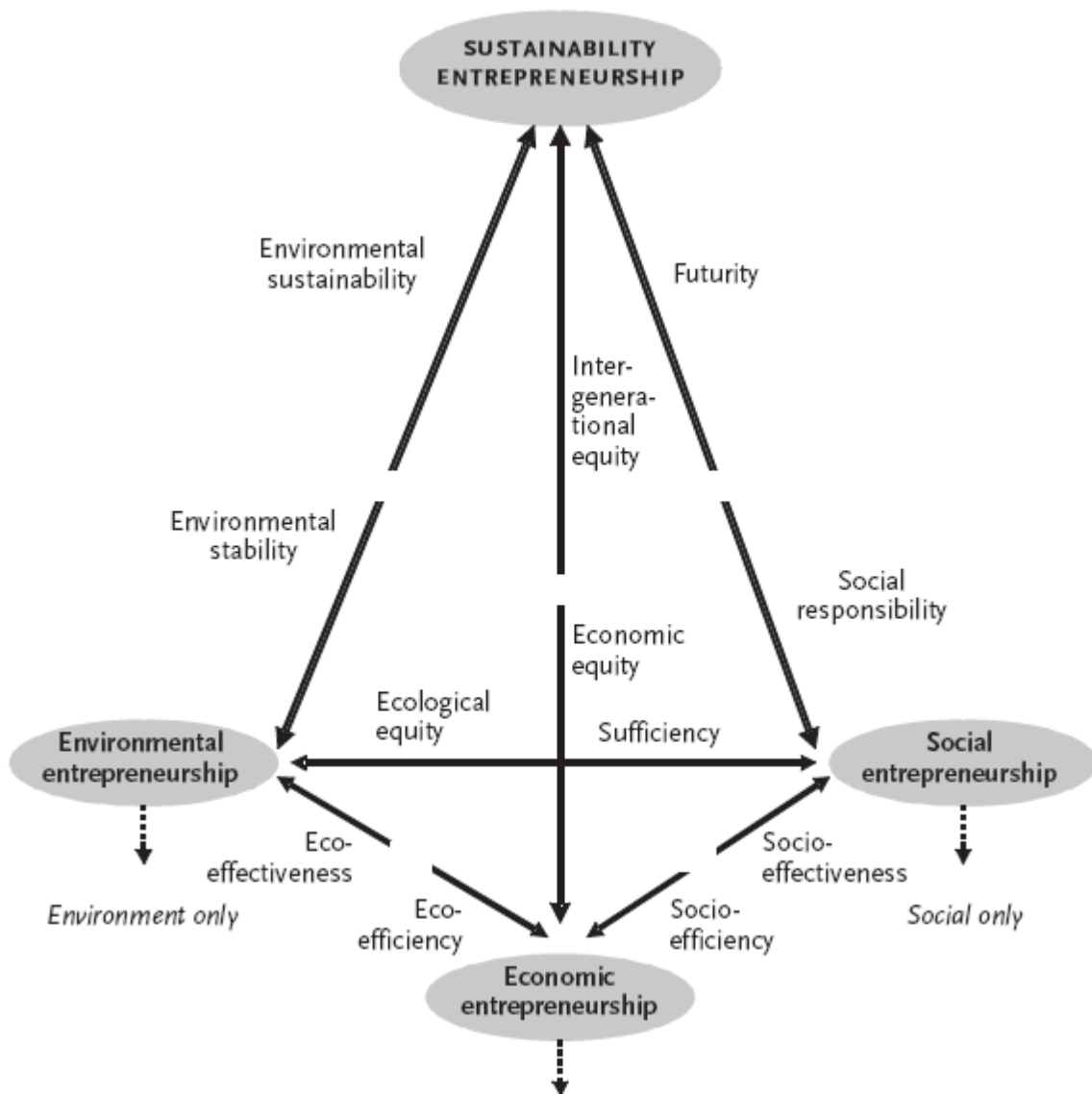


Figure 4: The sustainability entrepreneurship model (Tilley and Young 2009, p.86)

## 5.0 CONCLUSION

The future of entrepreneurship in the 21<sup>st</sup> century will vary across the globe. Local legislations, government trade policies, the establishment of private property, and the regulation of trade will play a key involvement in establishing entrepreneur protocols. Over the course of history entrepreneurship served the same purpose, and that is to bolster business investing and exploit available resources for the generation of wealth in terms of products and services.

Sustainability is a crucial element for consideration by future entrepreneurs. It is only by ensuring resources and an environment for future generations that societies may ultimately progress forward on the long run.

There is also growing evidence that entrepreneurial activity is decreasing in developed nations. Maybe these are due to the sheer number of competitors as business ideas are falling short, or maybe such linkages exist through market anomalies within the commercial sector.

Not mentioned in this paper are the growing industries of China and India whose growing economies, and in some cases out of necessity for sheer poverty, encourage millions of entrepreneurs to go about their business in unprecedented manner. However, ultimately, sustainability will remain as an imperative attribute to address in the 21<sup>st</sup> century.

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## APPENDIX A (Sirico, 1994)

In the Gospel According to St. Matthew (chapter 25, verses 14-30) we find Jesus' Parable of the Talents.

In addition to condemning profit, religious leaders often favour varieties of social levelling and redistribution of income. Universal health care, greater social welfare spending, and higher taxes on the rich are all promoted in the name of Christian ethics. The ultimate goal of such constructs is equality, as if the inequalities that exist among people are somehow inherently unjust. Yet this is not how Jesus tells it in the Parable of the Talents. The master entrusted to each of his servants talents according to his ability. One received five, while another received only one. The one who received the least does not receive sympathy from the master for his lack of resources in comparison to what his colleagues have been given.