

Characteristics influence for Entrepreneurship behavior ability

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Abstract:Entrepreneurship has becoming a popular term currently, but not all of entrepreneurs can succeed in entrepreneurial business. This paper talks about entrepreneur and entrepreneurship from three aspects ,Characteristics of entrepreneurs like perseverance, dedication, self confidence, desire of achievement, and so on, help them obtain necessary capabilities to operate business in the venture world.Before starting an entrepreneurial business, entrepreneurs should exploit an appropriate opportunity. Opportunity identification is critical in the process of entrepreneurial world. And capturing necessary resources such as financial resources, human resources are also necessary .The last step is to balance opportunity, resources, and team so that the entrepreneurial business can be operated successfully.

Introduction

Timmons (1999) defines “ entrepreneurship” as “a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach and leadership balanced” (P34). And Hills (1994) defines it as “the process that causes changes in the economic system through innovations brought about by individuals who generate or respond to economic opportunities that create value for both these individuals and society”. Whatever the definition of entrepreneurship is can be concluded as a way to thinking, reasoning, and acting that is opportunity obtained, holistic in approach, and leadership balanced (Timmons & Spinilli, 2003). Entrepreneurial business is currently spread over the world. Take China for instance. China has a famous proverb: “It is better to be a chicken’s head than a phoenix’s tail, which indicates that Chinese person wants to be his own boss. After China government announced “reform and opening policy”, entrepreneurial business is prosperous to every filed in China. During the last two decades, the rate of new business entry in China is nearly 10 times. However, despite the growth, only few can survive for more than five years. Opportunity exploitation, resources support, and entrepreneur’s character may decide whether an entrepreneurial business will be successful or fail (Amit, Brander &Zott 1999)

Characteristics of Entrepreneurs

The word “entrepreneur” originated from France in the 17th century, when people regarded an entrepreneur as an individual who undertook a particular commercial business. Entrepreneur is

therefore the person who exploits potential opportunities to create values creatively and innovatively by imputing limited resources (Wickham 2001). As a matter of fact, entrepreneurs are different, and some academic studies have concluded entrepreneurs as the following four types:

Table 1 Source: Ucbasaran, D., Westhead, P., & Wright, M., (2001)

Type of Entrepreneur...	Commentary...
Novice	Individuals with no business operating experience want to become a founder.
Nascent	Individuals who is considering setting up a new business.
Habitual	Individuals with business operating experience.
Serial	Individuals who give up prior business but later want to start up a new one

Although entrepreneurs can be put in different types, successful entrepreneurs still have some common characteristics, which will be described from the aspects of psychology, behavior, knowledge, capability, and so on.

Psychological characteristics. What entrepreneurs want to succeed in the business is to meet the feeling of self-realization instead of society reorganization or fame. They like to shoulder individual responsibility by solving problems, setting up goals and achieving it through their own efforts. They are interested in adventurous decision-making despite some repeated work (Hardy 1999) Entrepreneurs believe that their future and fame can be controlled by themselves instead of others. Their high desire on controlling can influence their working process in they daily life. Besides this desire, entrepreneurs are usually independent in thinking and acting, and look forward to freedom (Hardy 1999).Entrepreneurs believe the career they are pursuing as well as themselves. Courage of bearing risks and facing failure:Because entrepreneurial business is full of risks and something unknown, only the person who dares to bear risks can realize his dream of entrepreneurial business and have the motivation to innovate and adventure.

Behavior characteristics. Diligence:Entrepreneurs are usually not satisfied with current situation so that they take more efforts to do research, study, and improve current situation (Hardy 1999) .Stick to goals:Entrepreneurs stick to their goals and never give up because they know there are no shortcut to succeed and only working hard and perseverance can help them to get to the goals .Dedication:Dedication is critical in entrepreneurial business because it will help entrepreneurs overcome various difficulties and reach the success peak (Hardy 1999) .Prefer to practice instead of dreaming all day:A good idea can only be realized through practice. George S Patton said “To practice a good idea now is much better than to practice a perfect idea next week (Chen Dezhi 2001). If there are only good entrepreneurial ideas but no action, nothing can be successful.

Knowldege. Strong Fundamental knowledge:Knowledge decides entrepreneur’s capability of analyzing problems, judging problems, solving problems, and even decides the business future. Entrepreneurs should have the knowledge of Politics, Organizational Behavior, Economics, Computer, Logics, Law, Accounting, Statistics, and so on (Hardy 1999).

Capability. Entrepreneurs need various capability, such as capability of operating business, capability of management, and capability of intercommunication (Hardy 1999).Capability of operating business:Capability of operating business is critical for the success of enterprise. An

entrepreneurs first should be an excellent operator, and then he should be interested in operating business (Hardy 1999). Capability of Management: Management capability includes the capability of strategic management, marketing management, financial management, and so on. These capabilities can help them to consider enterprise from all over aspects (Hardy 1999).

Opportunities Identification

Opportunities Identification is an essential capability of entrepreneurs. A successful entrepreneur is one who can exploit potential opportunities that others missed. These opportunities included those that will help entrepreneurs achieve competitive advantages in business world (Timmons 1999) .

Gaglio and Taub Model of the Opportunity Recognition Process: Gaglio and Taub's (1992) model (Figure 1) of the opportunity recognition Process focuses on the cognitive skills and strategies to explain how entrepreneurs identify opportunities.

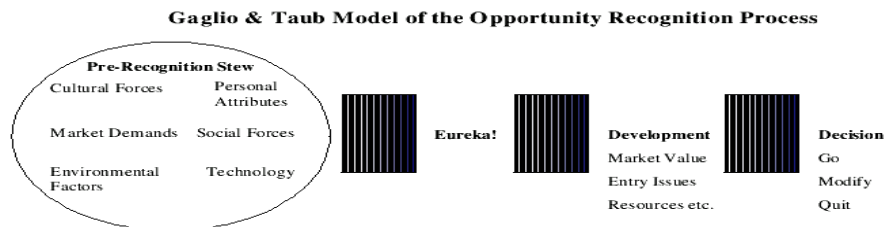


Figure. 1 Source: Dellabarca, R 2002, MBA Dissertation, Cambridge University

Gaglio and Taub claim that before an entrepreneurs find out an opportunities, he is usually influenced by cultural forces, personal attributes, market demands, social forces environmental factors, technology, and so on. All of these factors help entrepreneurs alert some opportunity, and at last appear a potential opportunity to him. The next step entrepreneurs need to do is valuate the market, consider how to get to the market, and decide what sort of resources need to be prepared. When entrepreneurs completed the second step of the process, he may decide whether start the business or quit the opportunity (Gaglio &Taub 1992).

A General Model of Opportunity for Entrepreneurs: Professor Farr-Wharton (2006)'s model of opportunity for entrepreneurs talks about opportunity recognition process from more detailed aspects (Figure2). This model suggests that existing knowledge is important for opportunity identification. Entrepreneurs' existing knowledge defines information channels by evaluating signals and updating channel selections. Meanwhile information channels help entrepreneurs search channels for signals of opportunities and at last identify opportunity.

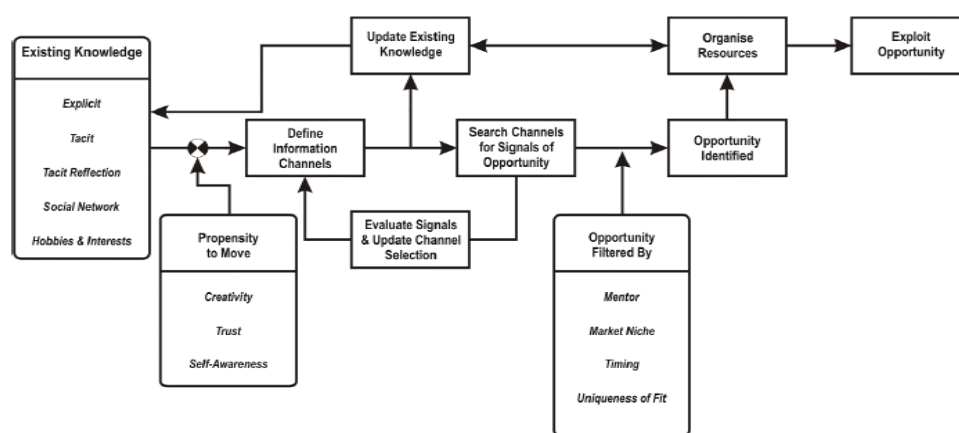


Figure. 2 A General Model of Opportunity for Entrepreneurs

(Source: Farr-Wharton, R 2006, Innovation and Entrepreneurship Course work, University of Sunshine Coast) Figure 2 has shown that the propensity to move is determined mainly by creativity, trust and self-awareness. And creativity could be divided into imagination, thinking and conceptualizing, creative philosophy, analytical philosophy and flexibility. Entrepreneur's imagination, thinking and conceptualizing determine his capability to explore innovative ideas that lie on abstract conceptualization of solutions to problems or opportunities. Analytical philosophy thinkers are able to provide various alternative approaches to find an optimum solution (Farr-Wharton 2006).

Industry can be divided into 5 stages (Figure 3), that is, embryonic stage, growth stage, shake out stage, maturity stage, and decline stage. Every stage has some distinction from others. Embryonic stage refers to the new industry, where few companies exist, but the growth is slow and price should be high for the sake of few customers' attention. When the industry enters growth stage, customers become more so the product demand increase and economies of scales can be achieved.

However the shakeout stage indicates that sales have to depend on replacement because the market is becoming saturated. When the market is completely saturated, it is called maturity stage, in which stage, competition became very intense and the market entry keeps high. The decline stage of industry is characterized by the demand for product or service decreasing. Even some large companies will consider exiting the industry or diversifying their companies. The profit margin at this stage is thin and thus the market is perhaps to have found newer products and services that can satisfy the same need to achieve success in the intense competition (Thompson, Strickland & Gamble 2005)

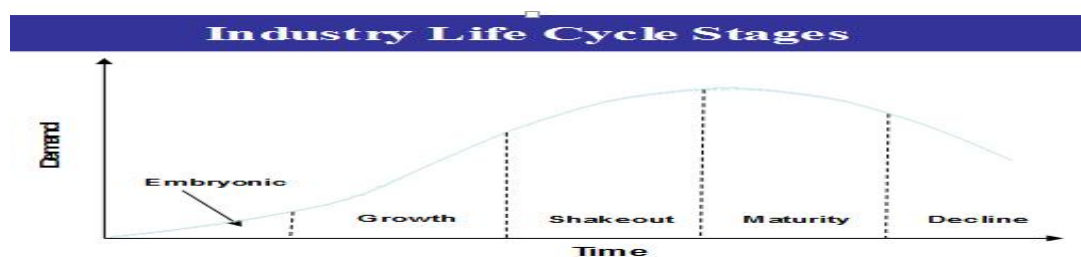


Figure. 3 Industry Life Cycle Stages (Source: <http://www.valuebasedmanagement.net>)

The entry barriers in embryonic stage are lower than others, which is suitable for entrepreneurs who have limited resources and little competitive capability. However, it doesn't mean that all entrepreneurs should operate business in embryonic. The rest stages also provide opportunities for entrepreneurial.

How Entrepreneurs Attract Venture Capital and Other Resources

Timmons model of the entrepreneurial process (Figure 4.) represents that after an entrepreneur has exploited a potential opportunity, the next work he needs to do is to capture enough resources so that he can generate values from the opportunity. "Resources are the things that are used in a business to pursue its profits. (Wickham 2004, P 200).

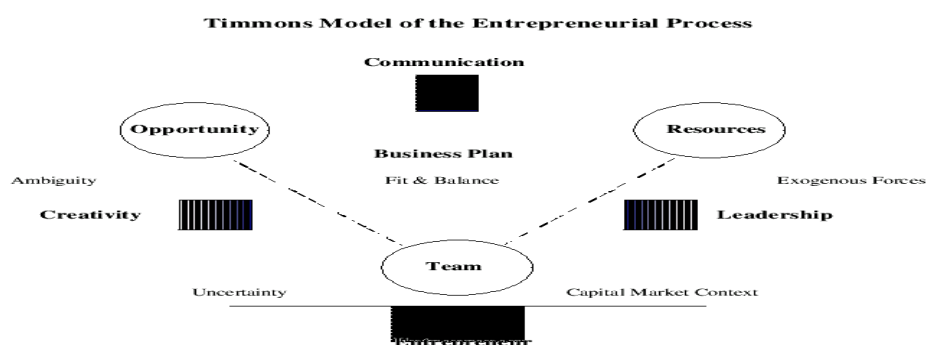


Figure. 4 Timmons Model of the Entrepreneurial Process

Source: Timmons, JA 1999, *New Venture Creation: Entrepreneurship For The 21st Century*, International Edition, New York, Published By McGraw Hill. P38

What an entrepreneur needs to start his enterprise are three resources as follows: 1. Financial resources. 2. Human resource- people and their efforts, knowledge, skill and insights they contribute to the success of the venture, 3. Operating resources- the facilities that allow people to do their jobs; such as buildings, vehicles, office equipment, and raw material, etc. (Wickham 2004)

Financial Resources: One of big problems most entrepreneurs encounter is financial support. To run a new business, financial support is necessary. In fact there are many people who have enough money and are waiting to invest in the profitable business. What entrepreneurs should do is how to persuade such people to invest their business. (<http://www.tenxmedical.com/KeysToObtainingVentureCapita>).

Human Resource. People are one of basic elements in a business. To manage a successful entrepreneurial business, people with various background should be gathered in the company, such as productive labor, technical experts, managers, so that the company can provide business service, own communication skills, and strategic and leadership skills. Timmons (2003) claims that entrepreneurial team is a critical ingredient to achieve success. He said investors are usually impressed by a brilliant company's head entrepreneur and the superb track records of the management team working as a group. Building an entrepreneurial team is a big challenge. Formal and informal communication helps to improve relationship and contact among people.

Balance of Entrepreneurial Process

Timmons model of entrepreneurial process states clearly that entrepreneurial process contains three factors: opportunity, resources, and team. The balance of these factors will depend whether the entrepreneurial business success or fail. In this model, Timmons argues that the driving forces entrepreneurial process are opportunity, a lead entrepreneur and an entrepreneurial team, resource parsimonious and creative, fit and balance of these and they are intergraded and holistic. The greater the market structure, robustness of net margins, cash flow, the greater the opportunity. Besides opportunity exploitation, ideal balance of financial resources and team helps entrepreneurs make success and stay long in the entrepreneurial industry. Timmons model shows that the three resources form a triangle, which demonstrates that the three of them should be considered when starting an entrepreneurial business. Entrepreneurs will not succeed by ignoring any of them.

Conclusion

This paper discusses entrepreneur and entrepreneurship by employing different models and theories. The discussion above indicates that characteristics of entrepreneurs, opportunity identification, and resources are basic elements to start an entrepreneurial business.

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