ENTREPRENEUR: DEAD OR DYING?

by

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OF THE REQUIREMENTS FOR THE DEGREE
MASTER OF BUSINESS ADMINISTRATION

in the Faculty
of
Commerce and Business Administration

We accept this thesis as conforming to the required standard

THE UNIVERSITY OF BRITISH COLUMBIA

June, 1970
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Vancouver 8, Canada

Date June 1970
It was the objective of this thesis to examine both the entrepreneur and entrepreneurial activities from a behavioral viewpoint. Essentially, this was an attempt to establish a perspective of this type of individual, which would be dynamic, adaptable to a broad range of entrepreneurial situations, and devoid of many of the conceptual limitations often applied to the entrepreneur and his activities. It was assumed as a basis for reasoning that the establishment of this perspective would allow the entrepreneur to be seen as continuing his role as a vital force in economic growth in an age of rapid change and relative non-permanence. It is an age characterized among other things by increasingly large scale organizations, emphasis on efficiency, and an evolving social ethic. The study itself is broad in its acceptance of ideas from other sources. Accordingly, the steps following in the investigation were as follows:

(1) A definitive outline was developed of hypothesized entrepreneurial functions, motivations, attitudes, and behavior patterns. This outline was based on selected studies of the traditional independent entrepreneur in particular and other studies making reference to the entrepreneurial type individual in general.

(2) An examination was made of various structural and operational features often associated with relatively large scale organizations, and deemed to be potentially consuming to individualistic entrepreneurial type behavior. It was intended that this examination establish a perspective of the large scale business organization which would facilitate the understanding of the development of the organizational entrepreneurial type individual. The examination
itself was based on selected studies of management and large scale organizations.

(3) A comparative presentation was made of an hypothesized organizational entrepreneur based on the findings of selected studies of a particular managerial mode of behavior in large business organizations. The presentation was made in such a way as to be easily comparable with the definitive outline of the entrepreneur provided previously, and was qualified by certain organizational features examined in the thesis prior to this comparative presentation.

(4) An examination was made of entrepreneurial evolution from the viewpoint of its value to the attainment of the goals of a free enterprise Western society. The examination was based on the hypothesis that the appearance of the organizational entrepreneur represented entrepreneurial evolution. Selected studies arguing evolution of the business sector and the managerial requirements of this process of change were used as references.

(5) A presentation was made of possible methods of encouraging the development of the entrepreneurial type individual by aligning the methods of encouragement with the motivations, attitudes, and behavior patterns hypothesized as being entrepreneurial throughout the thesis.

The general conclusions arrived at in this thesis are that:

(1) There is a similarity in the motivations, attitudes, and behavior patterns with respect to business activity, between the traditional independent entrepreneur as defined in this thesis and a type of executive defined as an organizational entrepreneur in this thesis and found in large scale business organizations.
The basic similarities in the motivations, attitudes, and behavior patterns of the traditional independent entrepreneur as defined and the organizational entrepreneur as defined, indicate that the entrepreneur is subject to a process of evolution just as is the business environment.

It is both beneficial and possible to encourage the development of the organizational entrepreneurial type individual by understanding and appealing to the motivations, attitudes, and behavior patterns of this type of individual.
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CHAPTER I

GENERAL PERSPECTIVE

We live in an increasingly growth conscious world and, although ill-defined, the so-called entrepreneurial function has long been recognized as a vital component in the process of economic growth. As stated in *The Enterprising Man*, there has been continuing concern that the social and economic climate of the nation is so changing that the new business enterprise and the entrepreneur will become phenomena of the past. Statements of this sort are based on sentiments expressing: (1) lament for the passing of a value system on which the entrepreneurial function is thought to be based, (2) a fear that the increasingly dominant large scale organization will not be flexible enough to meet the changing needs of an advancing society, (3) a narrow and inflexible conception of what the entrepreneur is and from whence he springs, and (4) a belief that the traditional entrepreneur can not adapt to and flourish in a competitive environment such as that which is evolving. In the belief that these sentiments are unfounded and arise out of somewhat faulty interpretations of certain organizational, behavioral, and economic trends in the emerging free industrial society, it is the objective of this treatise to provide a new interpretation of the forementioned trends and provide a new approach to entrepreneurship.

I. THE PROBLEM

**Statement of the Problem:** It is the purpose of this treatise to examine the role of the entrepreneur to:
(1) develop a workable definition of the entrepreneur, or a perspective of those entrepreneurial traits, talents, and functions which distinguish the entrepreneur in the business community and which render this individual so vital to economic growth;

(2) examine the changing competitive environment to determine the possibility of the materialization and functioning of the entrepreneur in a system characterized by large scale organization, mass markets, and a universalistic society; and

(3) determine the desirability and feasibility of developing means by which entrepreneurial activity or entrepreneurial behavior may be stimulated in volume and intensity, and directed so that it becomes more efficient in an increasingly efficiency oriented society.

Importance of the Study: "The entrepreneur is at the same time one of the most intriguing and one of the most elusive characters in the cast that constitutes the subject of economic analysis. He has long been recognized as the apex of the hierarchy that determines the behavior of the firm and thereby bears a heavy responsibility for the vitality of the free enterprise society." However, quantification of the entrepreneurial function or role as a contributory factor in economic growth or as an input in the theory of the firm, has remained a dilemma unresolved by the theoretical economists and those representatives of other disciplines which could benefit greatly from the ability to quantify the entrepreneurial function. William J. Baumol, points out that formal economic models are essentially, "instruments of optimality analysis of well-defined problems," and as such read out enterprise and initiative from the included variables. Economic models are largely mechanistic
and automatic, choosing among alternative values for particular variables, the supply of which is considered exogenous to and out of the control of the models or the managers who may employ them. Thus it can be seen that economics has neither developed the concept of entrepreneurship to the level where it can be treated or considered to the same extent as other variables in formal economic models, nor has it determined with any degree of surety those factors affecting the level of output of entrepreneurship. Professor Baumol thus saw for the immediate future, "no formal, manipulative engine of calculable analysis" arising from the consideration of entrepreneurship by economists. However, he did conclude that, "although we may not be able to analyze in detail the supply of entrepreneurship, the entrepreneur's strategy choices, his attitudes to risk, or the sources of his ideas...one can hope to examine fruitfully what can be done to encourage his activity."5

Baumol was apparently correct in his reasoning, as there has been a dearth of relevant literature from the economic sphere on the subject of the entrepreneur. Most of the recent writing on entrepreneurship has come from sociologists and psychologists who have seemingly taken up the challenge inherent in the preceding quote and who through analyses of entrepreneurial attitudes, behavior, motivations and so on, hope to establish a level of understanding of the entrepreneur such that the problems of sustaining and propagating his activity may be approached on a more knowledgeable basis.

The behavioral studies have been relatively productive in the pursuit of entrepreneurial understanding, but they too are somewhat limited. Probing into entrepreneurial behavior must necessarily be an historical undertaking. Many of the studies have managed to develop
excellent rationale behind entrepreneurial development under certain environmental circumstances. These principally were investigations of the backgrounds, sentiments, and actions of individuals historically thought to be entrepreneurs because of their emergence as such under the influences and circumstances considered to be of formative significance in the eyes of the investigators, and in many instances in the eyes of the investigatees. These studies have rendered a good perspective of what shall be designated here as 'hindsight entrepreneurship,' but they give little indication of how entrepreneurship can or will fare in future environments potentially different from those which previously fostered entrepreneurial development. Many theorists in fact state that since the present or future social, political, and business environments are or will be so different from those of the past, entrepreneurship may cease to exist. It is intended that this treatise delineate the results of an examination of both the traditional concept of the entrepreneur and present environmental trends to determine if it is indeed anachronistic to speak of the entrepreneur in our or future societies. Hopefully in the process of this endeavor, advancement will be made toward the development of a more flexible and useable perspective of the entrepreneur so that entrepreneurship can shed many of its conceptual limitations and be observed continuing its role as a major force in economic growth in an age of rapid progress and relative non-permanence.

III. CHAPTER ORGANIZATION

Following this introductory chapter, chapter II shall constitute the initial step in answering the question, "The Entrepreneur—Dead or Dying?" It shall delineate various aspects of the traditional independent
entrepreneur from the viewpoint of the functions he performs, his attitudes, his motivational influences, selected behavioral characteristics, and the formative significance of his background and general environmental influences. The purpose of the chapter is to endeavor to establish a realistic and definitive perspective of that mode of individualistic behavior which will in the remainder of the thesis be designated as 'entrepreneurial.' Chapter III will begin by examining certain structural and operational elements of the large scale business organization to determine to what extent the large scale business environment is harboring the seeds of destruction for the entrepreneurial type individual. Subsequent to this examination, a particular type of individual emerging in the large scale corporate environment will be examined from the viewpoint of his apparent demonstrations of a mode of managerial behavior designated as 'entrepreneurial' on the basis of the findings and proposals in chapter II. The purpose of this examination is essentially to illustrate that the forementioned individual is an 'organizational entrepreneur' and that the so-called entrepreneur is not dead or dying, but rather evolving. In the final section of chapter III the evolution of the business environment and the entrepreneur will be dealt with more extensively from the point of view of background, advantages, consequences, etc. Chapter III answers the question as to whether the entrepreneur is dead or dying by illustrating through systematic analysis that through a process of adaption to changing needs and circumstances, and because of his receptivity to alternate ways of acting in accordance with necessary change, the entrepreneur has perpetuated his species by evolving with the times, and remains as always, a vital force in the process of economic growth. Chapter IV is a supplemental chapter
included for the purposes of presenting some general guidelines with respect to the encouragement and the direction of the entrepreneurial type in a society in which he is and probably always will be necessary.

Limitations of the Study: A treatise on the topic of the entrepreneur has many limitations arising out of the existing indeterminate state of knowledge on the subject, the stochasticity of the entrepreneurial phenomenon, and most particularly, the very complexity of the undertaking. As stated by Cole, "The character of knowledge or research in entrepreneurial history...represents a comingling of economics and history, sociology and business administration, technology and social psychology; it constitutes an interdisciplinary inquiry. Obviously, it is "behavioristic," has a good deal to do with communication, and comes close to concerning itself with forecasting, because the forces with which it has to deal are largely slow-acting and slow changing, since 'history' continues up to the present moment. Again, it is a meeting ground of many varieties of history: economic, social, intellectual, institutional, and technological, with a little religious and sociological history thrown in. It is international in its scope and cultural in its focus." In view of the multitude and types of parameters which must be considered, it is perhaps unrealistic to assume that any conclusion could be arrived at in anything but very general terms. Nevertheless, although this possibility may on one hand be a limitation, it may on the other hand be a strength in that the generality of the conclusions may be conducive to the attainment of a flexible and useable perspective of the entrepreneur. This proposition is of course based on the contention that a hypothesis too specific would have a narrower and more short-lived application.
It is further intended that no surveys of experiments will be conducted to verify the hypotheses which will arise out of this treatise. The reason for this is the belief that:

1. It is very optimistic to expect any number of representative individuals to accurately recall and relate the motivations, needs, sentiments, and circumstances involved in a particular action of manner of behavior;

2. Most data collected through surveys and interviews can be interpreted in such a way that they fit a number of pre-determined objectives; and

3. Such things as motivations are not quantifiable enough to allow testing.

As a result of the forementioned beliefs, this treatise will be based primarily on intuition and logical interpretation of limited experiences and observations, supplemented by the findings of other studies of the entrepreneur and related topics. Any conclusions reached in this treatise will in all likelihood be verifiable only by future observation of the entrepreneurial phenomenon in the changing business environment. Nevertheless, since matters of entrepreneurship are matters of slow change, long run adjustment, and future expectations, there is no reason to assume that theories about same should or can be accepted in anything but a similar time period.
FOOTNOTES FOR CHAPTER I


3. Baumol, op. cit., p. 64.

4. Ibid., p. 67.

5. Baumol, op. cit., p. 70.

CHAPTER II

THE TRADITIONAL INDEPENDENT ENTREPRENEUR

The dictionary defines the entrepreneur as, "that person who organizes and manages a business or industrial enterprise, taking the risk of not making a profit and getting the profit when there is one." This simple definition, if accepted at face value would not suggest the need for any great understanding of or concern over the entrepreneurial role. Nevertheless, when it is acknowledged that this individual is in fact a human being, motivated by often deep-rooted sentiments and needs, possessing a certain unspecified level of intelligence, and reacting to social, political, cultural, economic, and other environmental influences, then a dictionary definition virtually becomes meaningless and one may even question the validity of any attempt to pigeon-hole the entrepreneur into some limited behavioral constraint as the narrow definition above seems to do.

Much of the material and commentary in this chapter arises out of and is modelled after a behavioral study by Collins, Unwalla, and Moore, based on their research into the origins, motivations, and behavior patterns of men who attempted to start their own businesses and succeeded. As a result, the 'entrepreneur' for purposes of this study, will basically be defined as an individual possessing the origins, motivations, and behavior patterns identified by Collins et al as being characteristics possessed by individuals who started their own businesses and succeeded. In addition, the term 'entrepreneurship' will be derived from this
definition and will refer to the behavior patterns of the entrepreneur.

Before any realistic hypotheses may be arrived at concerning the future of entrepreneurship, a workable explanation of this phenomenon must be formulated. Therefore, in pursuit of the immediate goal of finding out just what or who the entrepreneur is, it is proposed that this chapter expand upon the definition of the entrepreneur arising out of the findings of Collins et al and delineate the traditional image of the independent entrepreneur both ascribed and real. It is intended that the image of the traditional independent entrepreneur which will unfold in this chapter, will prove useful as a comparison with the organizational entrepreneur who will be examined in chapter III.

I. THE HEROIC IMAGE OF THE ENTREPRENEUR

The individual entrepreneur, or the, "innovating entrepreneur who has developed an ongoing business where none existed before,"\(^3\) has many times been cited as the basis of Western capitalistic society. He is seen as, "a risk-taker--a man who braves uncertainty, strikes out on his own, and through native wit, devotion to duty, and singleness of purpose, somehow creates a business and industrial activity where none existed before...he is resolute, disciplined, and utterly devoted to the narrow goals he has set for himself. He is literally a limited purpose man striving to build a limited purpose organization."\(^4\)

One particular impression of the investigations of Collins et al is that although many men claim to aspire to this heroic image, in most cases it is merely a rationalization motivated by the egalitarian conscience, reflective of a desire to kindle a belief in the reality of opportunity through eulogizing personal ambition and perseverance, and
based on a perhaps unrealistic view of independence. In reality, the pursuit of entrepreneurial success is neither as glory-filled and soul satisfying as the heroic image would suggest, nor is it based solely on native wit, devotion to duty, and singleness of purpose. For the most part, this entrepreneurial hero lives only in the minds and misconceived ideologies of men. The road to entrepreneurial success is in reality increasingly treacherous, demanding, and complex; a fact amply borne out by studies into company histories, businessmen's biographies, and the multitude of independent aspirants who fall by the wayside in their quest to strike out on their own. Table II-A gives some indication of the number of entrepreneurial aspirants who fail under the real pressures of the business environment, and the pre-aggrandizment stages at which they do so. Table II-B serves to illustrate that in many instances, the brave independent spirit and perseverance are not adequate to deal successfully with certain significant areas of business vulnerability.

The demands upon the traditional independent entrepreneur to which the forementioned realism may be attributed are two-fold. Firstly, there are those which arise from the functions which he must perform to survive in a competitive business environment. In section II an attempt will be made, as is done by most writers on this and related topics, to give some indication of the general nature of these functions in the hope that the information supplied will assist the reader in forming a deeper understanding of the men who must perform them. Secondly, there are those demands upon his moral fibre which require the individual to act and react with modes of behavior consistent with the role of the successful entrepreneur as described by history and as determined by the peculiarities of the situation, and illustrative of those often indeterminate strengths
### TABLE II-A

Canadian Commercial Failures According to Size of Liabilities*

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*Figures obtained from Dominion Bureau of Statistics Quarterly (Catalogue No. 61-002)
Table II-B

Classification of Causes of Business Failures in Canada*

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*Figures obtained from the publications of the Dun & Bradstreet research division with business failures being defined as those listed concerns involved in court proceedings or voluntary actions involving loss to creditors. They are only a portion of the total turnover in the business population but from this very important segment a good measure of the areas of business vulnerability can be obtained.
which have perpetuated the entrepreneurial phenomenon. In section III certain entrepreneurial behavior patterns will be examined in the shadow of the functional pressures.

II. ENTREPRENEURIAL FUNCTIONS

Observation

The first prerequisite function confronting the potential entrepreneur is what can for want of a better term be referred to as 'observation.' Arthur Cole states that the entrepreneur can in one dimension be looked upon as, "the possessor of a sense of latent market opportunity." The perceptive ability of the potential entrepreneur to detect a market deficiency is a quality which is increasingly necessary to the successful development of the relatively smaller independent businessman, particularly in view of the growing competition to small businesses from the larger more established firms which have more resources to devote to research and development in the quest to uncover and fill deficient areas in the market.

Besides the initial recognition of the deficiency, the observation function requires for its completion, the mental conception and/or the material manifestation of an innovation, be it product, process, place, or procedure, to fill the market void. The development of this market-filler may be the result of a calculated and rational innovation or research process, a chance or conditioned inspiration, or a peculiar competence in some field of endeavor. In some cases the entrepreneur may perform the observation function himself, in which case success depends at this stage on his own skill, intuition, imagination and good judgment. Nevertheless, in other instances the entrepreneur may perform
the observation function indirectly by having command of resources (primarily human) which have perceptive, inventive, or innovative abilities. Under the latter circumstances, in addition to the qualities mentioned above, the entrepreneur must also have the ability to direct and motivate those individuals on whom he relies to complete the tasks involved in successfully performing the observation function. Such actions as these are characteristic of enterprisers who are pictured as following the adopted American ideal and seek to 'produce a better mousetrap or provide a better service.' However, depending on one's point of view, these same individuals may be regarded as intuitive geniuses, technical wizards, undeserving capitalists, or exploiting opportunists.

Many supposedly unfulfilled needs in the marketplace that are subsequently satisfied by individual entrepreneurs seeking to make their mark in the business world, may in reality be contrived or non-existent, at least from the point of view of the determinable justification for the venture at the time of its being undertaken. In instances of contrivance where there is no real supply deficiency, a non-existent demand potential, or a non-investigated or inadequately searched need for the product or service, the success of the venture may be fortuitous or dependent on the superior performance of some other entrepreneurial function(s). Case histories suggest that a substantial number of businesses may not have been started as the result of the cold, rational, calculation of all factors affecting the potentialities, requirements, and risks of the venture. Many of these only survived it seems because of, (1) the happenstance materialization of a market, (2) supernormal exertions, efforts, and ingenuities of the entrepreneurs, or (3) outside assistance. A great many of the ventures started by individuals traditionally thought
to be independent entrepreneurs went through only meagre processes of selection, information gathering, evaluation, or planned marketing strategy; steps which should rightly constitute the observation function to assure any measure of success except out of luck. In fact for many so-called entrepreneurs, the decision to go into business for themselves was not based on an inspiration for a product or service, but was rather the only alternative based on circumstances such as, the inability to get a job anywhere else, or limited business training but high technical competence coupled with an independent attitude asserted almost to the point of irresponsibility. It is perhaps ironic that this independent entrepreneur should be cited as a mainstay of an enterprising society, when it is so easy to arrive at the conclusion from case histories, that many of these individuals survived 'in spite of' rather than 'because of' factors surrounding their respective ventures. However, the fact that many of these men were successful 'in spite of' various circumstances which endangered their success, is the reason that attention has been directed toward the independent entrepreneur from a behavioral point of view in an effort to understand just what the strengths were that carried him through and from whence they were derived.

The points to be made before leaving this section are that:

(1) Observation is usually the initial and perhaps most important function in entrepreneurial role fulfillment in a free enterprise society developing as it does through differentiation and diversity. It need not be the first functional step in establishing an enterprise, although as will be discussed later in this chapter it must be performed at some time in the entrepreneurial process.

(2) A review of entrepreneurial case histories may lead one to believe that the importance of the observation function may have been
underestimated and not given enough considered attention in the past by traditional independent entrepreneurs. This is a circumstance which was likely the cause of many business failures particularly when it was accompanied with an inability to make up for this deficiency in other aspects of entrepreneurial performance. For instance, a man leaves his success up to chance if he says, "I have invented or can produce widgets and, therefore, the market will need and accept widgets."

(3) As the complexities of the business environment increase with sociological and technological advance, the importance of the comprehensive and verifiable performance of the observation function (the conception and manifestation of worthy and useful innovation from a market point of view), will also increase. The rapidity of change in society will necessitate constant performance of the observation function to insure survival in the market for any period of time. This point should be noted for later discussion of the ability of the limited resource independent entrepreneur to compete in such an environment.

**Execution**

The second entrepreneurial function can be designated as 'execution'. This function relates to the planning, realization, and structuring of resources towards satisfying potential demand in terms of financing, accounting, production, organization, and marketing criteria. The execution function is perhaps the most poorly performed of the entrepreneurial functions as is evidenced by the business failure statistics (see Table II-B). Almost all business failures in Canada can be
attributed to faulty performance of some aspect of this function, although it is quite possible that some problems originated at the observation stage through faulty projection of potentialities and the constraints on the potentialities of the venture, and manifested themselves in insurmountable proportion in the execution stage.

Generally, the execution stage is characterized by the trading of autonomy to secure supportive resources. In many instances this may be the first point where the entrepreneur is faced with the realities of the business world. Venturing into the domain of the independent business man to escape established social, political, and organizational order, the entrepreneur ironically finds that he has to trade away present autonomy, always in anticipation of some nebulous conception of a future role. For the most part, this apparent betrayal of independent idealism is necessitated by the relative lack of business acumen and often poor business record of the entrepreneurial aspirant, past and present. In creating their enterprises and turning the projections made at the observation stage into reality, they often find that the constraints on their actions that they sought to escape through the entrepreneurial mechanism are not eliminated but only change form. As Collins et al point out, "in the end he (the entrepreneur) may find that he has traded sponsors for partners and employers for customers." The entrepreneur who does not acknowledge that business success basically relates to the satisfaction of the needs and desires of others and thus where necessary the subordination of those personal desires which may in the short run appear contrary to the satisfaction of the desires of others, be they employees, partners, creditors, or customers, is exposing himself to the possibility of failure in the task of advancing the
realization of his long run goals. These are the facts of life in the business community of a free market economy. It could be hypothesized that it is not necessarily strong will and autonomy alone that carry the entrepreneur through the execution stage, although these are vital and very instrumental attributes to his success, but also the willingness and wisdom to yield through compromise to the restrictive realities of the business environment. However, it could be noted that a temporarily dormant autonomous nature greatly assists the entrepreneur to advance to higher levels in the development of his enterprise and that a strong will is often necessary to counterbalance the managerial incompetence of many aspiring and struggling entrepreneurs. The above statements may be somewhat of an overgeneralization, as it is possible to find examples of businesses that did thrive primarily on the technical competence and/or the blood, sweat, and tears, rather than on the business abilities of the proprietors. However, many of these same cases where exceptional growth occurred, would probably show that the proprietor was very fortunate to have other business men around at the proper moment to develop the mechanisms and adapt them to manufacturing operations, market the product, and provide financing over the trial periods.

The securing of financing to provide purchasing power for the firm or to compensate for lags between the acquisition of resources and the disposal of the product or service, is one of the greatest dilemmas facing the prospective entrepreneur during the execution stage. In fact, the ability to secure financing can be classed as a special entrepreneurial skill in itself. The financial community is one of the most inflexible aspects of the business environment. Financial institutions are not prone to supporting entrepreneurial ventures which are
considered as 'high risk.' Roland Robinson, in his book *Financing the Dynamic Small Firm*, points out that, "Finance is a field in which convention and conformity may be given too high a value, while aggressive entrepreneurship is given too little weight." One can hardly blame the financial community for what seems to be a conservative attitude as far as providing venture capital for small businesses. The firms within it are in business for profit, and there are other outlets for their funds which yield high returns but which do not entail the supporting of high risk, non-conforming, 'all eggs in one basket' types of enterprise. The study by Collins et al indicates that many entrepreneurs built up poor risk records as they obtained experience and knowledge in the 'school of hard knocks,' chasing the pot of gold at the end of the rainbow. However, financial sources do not and cannot realistically be expected to regard failure as favorable experience or in turn as collateral, regardless of the lessons that were learned from it. In addition, in a large number of instances, the prospective entrepreneur is not capable of preparing and presenting a proposal that delineates his intended venture to the satisfaction of the lenders for whose funds the individual entrepreneur is competing with stronger, more solvent, and more sophisticated borrowers who can demonstrate profitability and who are therefore more attractive. As a consequence of the forementioned factors the lack of financial support for the small independent businessman may necessitate the use of improper, severely restrictive, or fatally inflexible financing, force operation in a limited number of alternative fields requiring less capital, or force operation on a limited resource and perhaps inadequate scale in a chosen field. If this is the case then it is easy to see that the poor historical record of the small independent businessman and the adverse
speculation as to the probability of success for the potential entrepreneur may quite feasibly lead to the inefficient employment of resources in our economy.

The points to be made before leaving this section are that:

(1) In most cases of successful independent entrepreneurship, complete autonomy must be temporarily sacrificed for survival because of the necessity of amassing required resources to sustain the venture.\(^\text{12}\)

(2) The execution function is the most demanding upon the entrepreneur in terms of the operational requirements of the function, the skill needed to perform the function, and the vast array of possible personal sacrifices and often necessary realignment or rationalization of the individual's desires and beliefs arising out of the need to temporarily subordinate same.

(3) The refusal of the prospective entrepreneur to compromise his independent ideals even in the short run to conform to the standards of those entities on whom he may rely for advisory or material assistance, may hinder his entrepreneurial development by stopping the realization of the full potential or even the kick-off of the venture, subsequently causing the inefficient employment and/or loss of resources through, (1) the impeded development of the enterprise due to operation on an inappropriate scale, or (2) the failure of the enterprise based on a criteria of relative profitability in society.
Planning

The planning function may be looked upon generally as the aggrandizement of the enterprise or that stage of development beginning where the entrepreneur attempts to take steps to firmly establish a steady heart-beat for the venture. To the traditional independent entrepreneur, this stage hopefully and most notably represents the re-attainment of autonomy. On one hand, this re-establishment of independence typically and ideally involves the solidification of contacts which are deemed to be healthy from the point of view of allowing the entrepreneur to perceive the enterprise as a vehicle for personal goal attainment. On the other hand, it involves the severing of relationships, attachments to certain modes of behavior, or any other element which is deemed to be unhealthy on the basis of the same criteria considered with respect to the solidification of contacts.

Up until this level of performance the entrepreneurial venture could be characterized as a 'contingent operation,' dependent for its survival on a number of uncertain and often uncontrollable influences, be they: operational, financial, marketing, or management. At this point as Collins et al see it, "both he (the entrepreneur) and the firm operate on a highly pragmatic, emotional, and hand-to-mouth basis. Now the entrepreneur must begin to disengage himself from the minute problems of the firm, sever his bonds of close emotional involvement with the present, and devote increasing amounts of time and energy to the overall organization of the firm and to the planning for its future in the intermediate and long range."13

Up to this point it has been asserted that the goal of the entrepreneur at this planning stage is the regaining of control. It is almost
imperative that this process occur through the benefits of success: success which can facilitate the buying out of a partner; success which makes available new and better means of financing; success which can attract better sources of supply; success which allows among other things, integration, sophistication, systematization, or re-structuring within and without the firm; and success which breeds success in the marketplace. If the entrepreneur is fortunate in the performance of this function, he may have control of a greater mass of resources than those which he temporarily forfeited control of in previous stages of development. This situation was anticipated, as it was on the basis of this eventuality that he traded away some of his independence. However, what is important and perhaps also not actually contemplated, is the fact that in all probability a bureaucratic organizational structure has been created as subordinated specialists were recruited to provide the firm with the knowledge and talent it needed to expand under the rule of an individual with the character make-up of the typical independent entrepreneur. It is somewhat paradoxical that many entrepreneurs who proceed to an advanced stage of planning, on past mere regaining of control and into what has been called aggrandizement, end up creating the types of expansive hierarchies which they initially sought to escape. This, may point out a salient feature of the entrepreneurial type, and one which will become increasingly important in this treatise when entrepreneurial behavior is examined in large scale organizations. The feature which is referred to is that it may not necessarily be the fact of organizational hierarchies which is abhorred by the escapee (the individual entrepreneur), but rather any structure which places him in a subordinate position which seemingly limits or threatens to limit his personal achievement or goal
attainment.

While it is not intended that this point be belabored at this time, an explanation may be appropriate. Every businessman is subordinate to or yields to the desires of another in some respect, if only to the consumer from the point of view of reacting to changing demand. However, this fact need not affect the independent entrepreneur to a great extent, as it is the over-riding perception and not necessarily the existence in reality of destructive subordination that seems to be harmful to entrepreneurial drive. Entrepreneurs who have built successful organizations do not perceive the subordinate elements of their role even though they may be present. This is because of the operational authority and autonomy which they maintain in their internal work relationships. It is mainly in the making of decisions involving their external ecology that subordinate elements enter the business leader's role. However, even here he may rationalize his independence because as the head and usually the owner of his organization he always retains autonomy with regard to the decision to yield, satisfy, fail, or quit. This element of perceived control is very important in the shaping of entrepreneurial behavior and will be dealt with more extensively in the following section.

The preceding section has very generally outlined the 'testing process' for the entrepreneur through the delineation of those primary functions which he must perform in proving himself worthy of the distinction--entrepreneur. However, the term entrepreneur does not refer merely to the graduate of this process, but rather more nebulously to the individual possessing certain personal qualities and showing a distinctive temperament in his actions manifest in his business endeavors. It is these characteristics, here labelled as 'entrepreneurial', which have
distinguished the entrepreneur as, "the bearer of the mechanism of change," and which have because of their stochasticity eluded those who would explain them. In the following section, a presentation will be made of those behavioral attributes deemed to be most relevant in determining entrepreneurial value, those behavioral attributes which it is believed must be understood and catered to if the entrepreneurial type is to be employed in our ever-changing society, and those behavioral attributes which merit recognition on the basis of their importance in maintaining the ever-changing nature of society.

III. ENTREPRENEURIAL BEHAVIOR CHARACTERISTICS

There are certain behavioral characteristics and attitudes which seem to be inherent in the entrepreneur, and which also appear to sustain or guide him through the performance of the entrepreneurial functions. These characteristics are not exclusive to entrepreneurs, but they have generally been found to be present in individuals traditionally and historically considered as enterprising men. Likewise, an entrepreneur need not always act in a manner typical of his status or consistent with his attributed behavior mode, but may perform other roles as well and still remain an entrepreneur.

Entrepreneurial behavior as manifest in an individual involved in a business enterprise can be viewed as a link between some motivating influence and economic productivity, in that it is the entrepreneur who according to traditional theory organizes the firm and/or increases its productivity. For this reason it is very difficult to realistically discuss entrepreneurial behavior apart from the motivating influences which in large part determine it. In addition, it should also be noted
that it may be impossible to objectively analyze independent entrepreneurs as a group when in reality each individual may best be studied as some combination of environmental variables culminating in a certain type of behavior. Therefore, in this section an attempt will be made to outline certain modes of behavior and attitudes that are usually found in scrutinizing entrepreneurial performance. Whether or not they are in fact found is a matter of history, recorded in individual cases of success and failure. Also, whether or not they were instrumental in determining the outcome of the venture is likewise recorded, although in both instances detection may be very speculative and intuitive. In any case, it will be endeavored at this point to establish a general perspective of entrepreneurial behavior and attitudes under the headings of risk; energy; responsibility, control, and feedback; commitment; and entrepreneurial motives.

Risk

The individual entrepreneur has traditionally been looked upon as a risk-taker due to the very nature of his activity in venturing alone into the business world. The attribution of high risk stems mainly from two sources. Firstly, there is the probability of failure to get to the point of selling or to sell the goods or services once in the market-place, as the business failure statistics amply confirm (Table II-B). Secondly, there is the requirement that the entrepreneur make decisions under conditions of uncertainty, with uncertainty being described as the degree of prediction or control over the outcome or the variables affecting the outcome. The difficulty to the prospective entrepreneur of predicting and controlling may arise because of: (1)
the entrepreneur's own inadequacy or incompetence; (2) the complexity of the variables inherent in the task; or (3) the stochasticity of the relevant parameters and their relationships.

The concept of risk is based on the probability of loss or exposure to harm. The question with regard to the entrepreneur's attitude toward risk is therefore: by what standard does he measure his actual or potential loss? Many theorists apply a rather limited perspective to what is actually at stake in an enterprise, and assert that if the so-called entrepreneur is not the entity whose capital or other non-human resources are invested in the enterprise, then he certainly cannot be a risk-taker since he has nothing at stake in the venture. There is, nevertheless, a strong argument against this assertion.

A prospective entrepreneur may not appear at a present point in time to be risking anything except the loss of his own time due to the fact that he may have secured resources other than his own to sustain the venture which he initiated. Nevertheless, as mentioned in the previous section in the discussion of the execution function, on broad policy questions such as securing resources at the expense of highly valued autonomy and control, he appears to rationalize the situation in terms of the anticipation of a future role and not his present state. It is reasonable that the real risk to this entrepreneur, and the one which he gives substantially more consideration than any other, may in all probability not be the immediate danger of the loss of capital, even if it is his own, but rather the danger of not being able to repay the borrowed capital, regain control of the enterprise, and achieve an anticipated status or role. If this is the case, then his actions will in all likelihood be the same whether he is involved with the loss of
his own resources or those belonging to other individuals. That is to say, he will protect borrowed resources with the same diligence that he would his own because it is his long run goal which is his major concern, which controls his decision, and which determines his attitude toward risk, and this anticipated goal could be forfeit under either circumstance of invested resource ownership. Capital need not be the only thing which is subject to loss or vulnerable to danger. This possibility gains credence when it is observed that individuals may act or have acted in an entrepreneurial manner even when it was not their capital that was invested, and that individuals do continue to act in an entrepreneurial way even after their capital is secure or they are reaping substantial profits.

There have been various attempts to explain entrepreneurial behavior under circumstances such as those mentioned above. Many of them maintain that there is some other motive besides the 'profit motive' or the 'capital loss motive' behind entrepreneurial behavior. For instance, McClelland hypothesizes that it is the need to achieve which directs entrepreneurial behavior, whereas Collins et al seem to imply that the entrepreneurial path is more like an escape route from any number of varying life situations to which the entrepreneur may have been exposed. Both of these examples can be designated as 'push' approaches, with the need to achieve or a past situation, respectively, pushing the individual into a prototypic pattern of behavior traditionally regarded as entrepreneurship. Out of the 'push' influences arise the 'pull' goals. These are in reality goals which are seen by the entrepreneur as measures of achievement, or as in the second instance mentioned above, states of existence which are perceived as different in some
degree to those conditions or roles from which escape was sought. The actual goals may be variously, profit, recognition, independence, authority, status, respect, or fame. Both the influences and the subsequently formed goals are important in that they culminate in a certain type of behavior, and may be relevant to the promotion and direction of entrepreneurial behavior in individual cases.

The motivating influence on the entrepreneur will have a considerable effect on his attitude toward risk. More particularly, it influences his 'perception of risk' or the perceived probability of success or failure in attaining his goal, whatever that goal may be. An individual may be exposed to many variations of circumstances in his business endeavors, and of course his perception of risk will in large part determine his reaction to those situations. Histories of entrepreneurs show that many individuals ventured into situations where a wise and rational man would not proceed on the basis of known facts. Although mortality is high among those that follow this course, collectively the movement may be relatively productive. J. E. Sawyer attributes this phenomenon to the "entrepreneurial accelerator." He argues that certain factors, "repeatedly induce entrepreneurs and investors to over-respond to existing market stimuli and in effect overleap existing economic realities in the scale of their plans and in the scope and timing of investment decisions; and that in the special circumstances of 19th century America their individual and collective overestimations operated to accelerate the process of growth and often, in varying measure, produced the result, that ex post made 'economic' their initial estimates." Thus historically, in this instance at least, irrationality manifests itself as a sort of adventuresome spirit. Those
that did survive only did so out of determination, luck, or because of extraordinary ability. Many individuals were sacrificed so that a few could survive, and irrationality in the undertakings, while it did not prove defeating for the collective unit, did produce what might be seen as a very inefficient movement from the point of view of wasted resources.

The provision of reasoning for the movement observed above does draw attention to an apparent reality of the independent entrepreneur with regard to his perception of risk; that is his self-confidence and his inclination to believe that he can do better than the facts warrant. This factor seems to be a predominant influence in most entrepreneurial histories and a prime reason for failure in many of them where individuals advanced to the execution stage of entrepreneurial development with no regard for or ignoring the importance of the observation stage results, or else made faulty decisions during the execution or planning phases, being led by self-confidence rather than facts. Nevertheless, it must be acknowledged that innovation is important to the development of a free enterprise society, and that in many instances of innovation by an entrepreneur there are no patterns to follow or facts to be found. In this case self-confidence takes up where analysis leaves off in causing the entrepreneur to act and proceed with his venture.

It follows that if entrepreneurs allow self-confidence to over-ride, supplement, or even replace rational analysis and evaluation, then they must feel that they can in some way influence the outcome, thereby lowering the real risk involved as far as they are concerned. Thus, self-confidence can be seen affecting entrepreneurial behavior with regard to risk perception in at least two general situations:
31.

(1) In instances of moderate uncertainty, the entrepreneur will proceed on the assumption that his efforts and skills will make a difference in the outcome; and

(2) In instances of high uncertainty the self-confident entrepreneur will go ahead even though the outcome may in fact be so fortuitous as to be based solely on luck. Of course, if there is a way to hedge the risk at little expense relative to the reward aspects of the task, then the entrepreneur will employ it. However, he will neither be discouraged to any great extent by the inability to obtain better odds for success nor will he customarily deem excessive expenditures for some sort of insurance of hedge against loss as being justifiable.

Thus, it could be summarized that self-confidence exerts the most influence on the entrepreneur's perception of his ability to influence the outcome of the venture, and as a result the length of the odds as to the probability of favorable outcome (measure of real risk) has a mitigated influence. In a sense one could say that the entrepreneur does not really see himself as a risk-taker, as any risk that may be present is tempered in his own mind by his self-confidence.

By way of summary in this section, a few points should be noted:

(1) The quality of being a risk-taker, from the point of view of an observer, is one of the most discernable attributes of the entrepreneur. However, it is at one and the same time, one of the most valuable elements in his worth to a free enterprise society and one of the most serious sources of inefficient application of resources in our economy.23

(2) The entrepreneur may not evaluate or consider risk realistically
in the eyes of a non-entrepreneur because his perception of the real risk involved seems to be altered by: (A) self-confidence; (B) incompetence resulting in the inability or neglect of proper risk evaluation; or (C) fear of what the result will be of inaction or of not making the decision to accept the risk.24

(3) As noted in Section II of this chapter under the discussion of the execution function, the entrepreneur's ability to acquire resources to sustain his venture often depends on his ability to inspire in others the same confidence that he has in himself, with regard to the undertaking of risks in the proposed venture. However, the business environment is not always perceived realistically by the entrepreneur, but rather as an 'image' shaped by his own expectations. The image and not the factual picture is often what the entrepreneur bases his actions in and perception of the venture upon. Those on whom the entrepreneur depends for resources based their decisions on observable fact. They do not see the image shaped by his self-confidence and they are therefore reluctant to render assistance, as they believe that the outcome of the enterprise depends on the facts and not on the image. It is the exceptional entrepreneur who can relay his image into the minds of others, but then it is the exceptional entrepreneur who succeeds in building a prosperous business.

(4) Non-aversion to risk can be productive if controlled. However, if it becomes rampant to the point of irresponsibility then it may result in the misuse of resources and subsequent inefficiency in the progress of a nation.
Energy

The traditional independent entrepreneur is usually deemed to possess a quality which manifests itself in the working of long hours, and the disposition to hard work and consistent innovation seemingly directed to the attainment of some goals, irrespective of whether that goal is admitted or identifiable. In this treatise, this quality will be designated as 'energy'. The untrained observer, conditioned as he is by traditional beliefs as to entrepreneurial endeavor and the influence of the protestant ethic which emphasizes the pursuit of individual salvation through hard work, thrift, and competitive struggle, customarily attributes entrepreneurial energy to productive initiative or ambition. This may of course be true, but there are a number of other possible less meritorious explanations which may result in what seems to be vigorous application of effort. For instance:

(1) The individual may be incompetent, such that he works so inefficiently or ineffectively, that long hours and hard work are necessary to attain even minimal levels of achievement;

(2) The individual may be so foolishly independent as to insist on doing everything himself so as not to be controlled by anything but his own desires;

(3) The individual may be so conditioned by past environmental exposures and influences that he does not realize or at least acknowledge that there is any other way to live.

The so-called entrepreneurs characterized by the three examples suggested above are obviously not the ones whose existence it is desirable to perpetuate to sustain economic growth in a free enterprise society.
These might be seen as unstable forms of entrepreneurship, as in the absence of truly outstanding ability, luck, or moral fortitude, they usually result in failure, subsistence productivity, or an outlook which is easily altered by even limited successes.

There is some contention that hard work is characteristic of most successful people and not just entrepreneurs. This may be true, as most case histories of successful people reveal traces of the age old idea that very little of any worth comes easy in life and that success was the result of concentrated effort. What could be pointed out by the above observation is that an individual need not be an entrepreneur to act in an entrepreneurial way with regard to the 'energy' factor, and that vice-versa, an entrepreneur need not behave in an entrepreneurial way in all situations. However, what is really of interest and relevance to the study of entrepreneurship is not whether hard work is necessary to achieve success, but rather what produces in the entrepreneur what appears to be an almost insatiable drive, need, or desire to go on in the face of adversity or to seek further accomplishment through new innovations even after short run levels of success have been attained.

One quite reasonable proposition that has been put forward is that the 'need to achieve' is responsible for entrepreneurial drive or energy. The very nature of entrepreneurial endeavor implies relatively high risk. Yet, as suggested in the previous section on the risk bearing attitudes of the entrepreneur, risk will not necessarily be a discouraging influence if the individual perceives that his skills and efforts will make a difference in the outcome. As a result, the entrepreneur considers himself almost totally responsible for the outcome of the task because he thinks basically in terms of what he has at stake, namely,
the achievement of his own aims be they in the form of escape or achievement, and more specifically in terms of what he must contribute in order that these aims are achieved. Therefore, in view of the inherent risk of the typical entrepreneurial situation, and the perceived capacity to influence and the total responsibility outlook of the entrepreneur with respect to this situation, the only rational alternative open to him if he is to make his talent, determination, faith, and confidence manifest in the achievement of the desired end, is the vigorous application of skill and effort to the greatest degree of which he is capable. In support of this contention, McClelland found in his studies, that people with high achievement motives tended to work harder when it counted for personal achievement or when personal effort would make a difference in the outcome. This would apparently fit the behavior of the independent entrepreneur very well in that he appears to directly relate his anticipated achievement with his own efforts.

A second proposition which may explain entrepreneurial energy, and which is perhaps complementary to McClelland's need to achieve, is that which is designated in this thesis as 'entrepreneurial identification.' Entrepreneurial identification is the manner in which an entrepreneur identifies with some groups of individuals and behaves in a manner commensurate with his perception of the sentiments, values, and norms of the group. The question at hand is therefore: What group is it with whom the entrepreneur identifies?

Since the entrepreneur seems to think primarily in terms of some nebulous anticipated role and not his present status, it stands to reason that he should seek identification with some group of individuals with whom he expects to be a peer at some future time. In all likelihood
this group will be those whom he deems to have achieved entrepreneurial success. The key word to his aspiration level and its effect on his energy level is the word 'success.' In seeking to attain his goal through the mechanism of becoming an independent businessman, the prospective entrepreneur apparently desires a 'direct reward' situation and an escape from what he sees as the collectivizing and bureaucratization of society. As a result, the new individual entrepreneur will not customarily consider as his entrepreneurial model those firms which were previously designated in this chapter as being 'aggrandized,' because having reached a more sophisticated level of success their entrepreneurial qualities are in a sense camouflaged and they appear to the entrepreneur as collectivized and bureaucratized; qualities which he still idealistically believes he is escaping. Consequently, he will probably look to those firms which appear to be successful enough but which are in reality perhaps only entering a period of planning and aggrandizement, are still working hard to build, but which typify what he expects to see in an entrepreneurial firm in view of his independent standards. This perception will result in the exhibition of the diligent hard working behavior which: (1) he perceives is expected by and is characteristic of those belonging to his anticipated peerage group; and (2) he deems necessary to attain his anticipated peerage level. i.e. Diligence will be rewarded by acceptance and achievement.

Up to this point under the general heading of 'energy,' this thesis dealt primarily with entrepreneurial diligence and perseverance. These are without question very important aspects of the entrepreneurial character which is so valuable to a developing free enterprise society. However, there is another perhaps more important aspect to energy which
will be designated here as 'entrepreneurial goal perspective.' In the following paragraphs a case will be presented for the belief that it is entrepreneurial goal perspective which keeps an entrepreneur behaving in an entrepreneurial manner even after he has achieved success and has built up his enterprise.

Joseph Schumpeter, asserts that, "Everyone is an entrepreneur only when he actually 'carries out new combinations' and loses that character as soon as he has built up his business, when he settles down to running it as other people run their businesses." Various observations can be made or implied from this statement among which are:

(1) The term 'entrepreneur' is a dynamic concept and applies to those individual(s) who are developing resources. That is, they are employing resources in new or different ways.

(2) An individual(s) ceases to be an entrepreneur not at that point where he has built up his organization but rather when he ceases to employ the resources which he can command in new combinations. By this it is not meant that profits, sales, share of the market, or asset holdings must be increased, although these may or may not be a result of the entrepreneurial endeavors. What is meant is that in a competitive environment (imperfect), as an individual strives to maintain a differential advantage in order to surpass his competitors or even merely survive at a set plateau of growth, he must do something new, better than, or different than his competitors. It is the consistent process of 'doing' these things which qualify a man as an entrepreneur and make him of value in our society.

(3) There may come a time in the development of a prosperous organization
when the original founder ceases to be the actual innovator in the organization, but rather becomes a sort of comptroller of change or innovation; tasks which are assumed by other new blood in the firm. The question then arises as to whether the founder is still an entrepreneur now that he has become an organization builder, starting with an organization rather than from scratch. Harbison and Myers would say yes, "he is the catalytic agent in the process of industrialization; i.e., he acts and reacts with the economic and social environment to bring about economic change." Therefore, Schumpeter's proposition that the individual ceases to be an entrepreneur at that point in time when his organization is 'built up' only applies when the individual has no intention of or does not attempt to build further or build anew.

The preceding observations have been presented to set the stage for a clearer understanding of what has been designated as 'entrepreneurial goal perspective.' In addition, for purposes of clarification in the explanation to follow, a goal per se will be defined as: something which is sought and for which an effort is made as the result of some motivating influence. The two extremes of goal perspective which will be presented are: (1) closed-ended, and (2) open-ended.

The closed-ended goal perspective is a non-entrepreneurial perspective, and can be represented as a sort of 'tunnel-vision.' It is described as such because it is a limited perspective in both its forward and latitudinal dimensions. The individual with this type of perspective sees a goal in the future, attainable through a certain specified process or series of steps, and perhaps preceded by a number of stages which he may or may not perceive as sub-goals. He obtains satisfaction
when he has reached that main goal and is motivated primarily by his contemplation of its attainment. During the process of goal attainment the individual anticipates very little deviation from his chosen path and very little to strive for of any consequence beyond his chosen goal. As a result, when his goal is attained he becomes very security minded with no perception of the future involving any change in his position or ideas, and very much concerned with preserving the status quo. This type of goal perspective represents an easily frustrated and unproductive (from an innovation standpoint) source of motivation because:

(1) Since the attainment of his main goal is the only real source of satisfaction to the individual with a closed-ended goal perspective, he receives very little satisfaction in the interim periods as the steps toward his goal are climbed. If the process is lengthy or delayed for some reason, then he may lose his drive because it is in essence not being fueled.

(2) Since the individual with the closed-ended goal perspective has more or less chosen the path to his goal, he will develop a vested interest in this path as he advances along it. The more vested his interest, the less receptive he will become to alternate ways of acting and the less adaptive he will be to change. As a result, he becomes less inclined to alter either his goal or his approach to it. This attitude is not conducive to innovation either from within himself or from the dark closed out areas in his perception tunnel.

The closed-ended goal perspective proposed above, was presented primarily for purposes of comparison and better understanding of the open-ended goal perspective which will now be presented. It is hypothesized
by this thesis that the open-ended goal perspective is an entrepreneurial perspective. The individual with this type of perspective sees a goal, not as an end in itself, but rather as a measure of progress along an open-ended time-achievement continuum, and a plateau in the process of personal development. This individual derives satisfaction through advancing along this time-achievement continuum, striving for meaningful goals which he realizes he may or may not attain because: (1) new knowledge and experience gained in the achieving process may alter the desirability of these goals, or (2) due to his needs for dynamism in his endeavors, he may become restless during the final stages of task completion, leaving them to someone else while he moves on to new and perhaps more challenging tasks. The plateaus mentioned above serve as points of renewal, where on the basis of an ever-widening perspective and an expanding information and experience base, new orders of innovation, achievement, and development may be initiated. The proposition that the open-ended goal perspective facilitates the deriving of satisfaction from the forward dynamics of the learning and achieving process relative to some starting point, is a logical explanation for the behavior of the entrepreneurial type in abandoning tasks or projects which do not promise advancement on the relevant continuum, because under the implications of this proposition his interest are vested in the forward movement and not necessarily the attainment of a specified goal, and the abandonment does not necessarily frustrate his forward movement. It logically follows that the entrepreneurial type will in all likelihood be receptive to alternate ways of acting and will be quite able and willing to adapt to and initiate changes as long as they do not impair or threaten his forward movement on his goal continuum. This type of
motivating influence is not easily frustrated and is relatively productive from an innovation standpoint because:

(1) If the individual's forward movement is frustrated, his only alternative is change, and change leads to innovation.

(2) As long as the individual is moving forward on his relevant continuum his drive is constantly being fueled. If he becomes frustrated, he can quit at any time with the feeling that he is ahead and will gain rather than lose due to his abandonment of the task.

(3) The individual who desires to advance in an imperfectly competitive (excluding monopoly) labor market, must differentiate his product; and any process of differentiation is conducive to innovation.

Various approaches to the energy of the entrepreneur and his source of motivation have been presented in this section, and although they are not entirely similar in all respects, they do give some indication of the prerequisites for the energy producing environment or situation. Firstly, there must be a potential entrepreneurial type aspiring to some role or goal as the result of a strong motivating influence. Secondly, there must be a challenging or perhaps risky situation which acts as an outlet for the entrepreneur's energetic quest to satisfy his need for achievement, irrespective of the terms the achievement is measured in. Thirdly, the entrepreneur must perceive himself as having direct control of the relevant variables determining the success of the venture, because from this perception the venture is seen as having a direct relationship between himself, the satisfaction of his own needs and desires, and the attainment of the goals which are a measure of his achievement. Last, there must be some method of feedback. In the
following section the vital factors of responsibility, control and feedback will be examined in greater detail.

Responsibility, Control, and Feedback

As noted in the previous section, the perception of responsibility is a vital factor in bringing out the energetic behavior of the entrepreneur. The preservation of this perception is directly related to the risk involved in the undertaking, the amount of control the entrepreneur has of the task, and the feedback he has with regard to his progress. The perception of responsibility by the entrepreneur is a two way concept. That is it must embrace both the consequences of failure and the rewards of success if it is to have its hypothesized effect on the entrepreneur. On one hand, if there were no rewards expected from the undertaking then the entrepreneur would most certainly not involve himself with it. On the other hand, if there were no consequences associated with possible failure then there would in reality be no risk. Without the perception of risk there would be less personal involvement on the part of the entrepreneur, in that it is the risk in a situation that makes the entrepreneur feel that his attributes and contributions are the factors which will determine the success of the venture. It seems reasonable then that the greater the degree of risk in a situation, the greater the challenge it will represent to the energies of the entrepreneur. If this risk situation is also a two way concept and the possible rewards balance the pitfalls so that its undertaking is not one-sided and foolhardy, then the entrepreneur with an open-ended goal perception will in all likelihood view the situation as potentially satisfying and subsequently devote his energies to it.
The independent entrepreneur is by the very nature of his activity the ultimate decision maker in his organization. This decision making power must be available, even though it may be delegated or temporarily traded in some instances, so that the entrepreneur may justly feel that he has the ultimate control to match his perception of ultimate responsibility with regard to both the outcome of the venture and his own goal achievement. Case histories of enterprising men show them as being quick to escape through flight or abandonment, situations that are restrictive or non-remunerative in terms of their needs or goals. In most instances the disillusionment seems to arise from either a hopeless loss of control leading to the feeling of non-responsibility, or the inability to obtain remuneration in the desired form, whether it be among other things, money, power, knowledge, or independence. It could be noted that independence does in some instances of entrepreneurship have a special significance, because without it some entrepreneurs may not be able to sustain any perception of control, responsibility, or personal identification with the rewards of the project. Consequently, he will lose the drive which may be vital to the success of the venture.

Many individuals look upon the entrepreneurial behavior described above as being illustrative of an attitude of selfishness and complete ego-centricity in that the entrepreneur appears to be concerned only with himself, and makes all his decisions relative to that concern. It is from this type of viewpoint that negative overtones of entrepreneurship arise, suggesting behavior such as taking, exploiting, destroying, manipulating, and stepping on others to satisfy greed. However, studies have shown that the entrepreneur need not cast aside the virtues of altruism in achieving his goals. For instance, in McClelland's studies
of the achievement motivated individual, he found that, "achievement satisfaction arises out of having initiated the action that is successful." That is, the entrepreneurial type individual can work in a group even when it is the group which gets the credit for the total endeavor, so long as within the group the entrepreneur's task or contribution is identifiable and he has control over it and responsibility for it. Interpreted in a different light this could suggest that the successful entrepreneur does not necessarily concern himself over the question of who else may benefit from his efforts as long as they do not benefit at his expense and he achieves his own personal need satisfaction in the process. Thus, while there is no denying that the independent entrepreneur is very ego-centric, the above observations point out a sort of compromising attitude which while not completely contrary to independent ideas of self-advancement, allows the entrepreneur to operate in a competitive market environment where survival depends on the satisfaction of the needs of others whether it is selling a product or service, obtaining resources, or negotiating with labor.

At this point we are left with the last variable in this section—that of feedback. Case studies indicate that the entrepreneur will abandon situations from which no knowledge of results is available or from which no type of rewards or penalties which qualify as a measure of results are forthcoming. The absence of feedback which gives some indication as to the success of the pursuit of a particular goal and which is in turn transmuted into a measure of progress along a relevant open-ended goal continuum, is one reason that many entrepreneurs initially went into business for themselves hoping to escape the organizational hierarchies of their former places of employment. Without feedback
from a situation in which an entrepreneur feels he has made an identifiable contribution, he cannot justify his perception of responsibility, and subsequently he loses his concept of a direct relationship between the success of the enterprise and the attainment of his own goals. This leads in turn to a loss of interest in the continuance of the venture. The entrepreneur cannot accept the clouding of his contribution in a task or venture. He believes in, gets his drive from, and accepts the philosophy: blame for failure and reward for success, i.e. Credit where credit is due.

**Commitment**

In the section of this thesis on the planning function, it was noted that the success of the entrepreneur in aggrandizing his enterprise often depends on the severing of relationships which are unhealthy from the standpoint of the operations of the firm or unhealthy in their effect on the motivation and behavior of the entrepreneur. In *The Enterprising Man* it is pointed out that the entrepreneur in his learning process goes through what seems like a very restless period of pre-development characterized by malcontentment and a 'grass is always greener' attitude. It is further contended that during this period, "these men were also broadening and deepening their grasp of what may be called the 'transactional mode of interpersonal relations.' They were learnings at a deeper level than they had previously known that no interpersonal relationship need carry with it a continuing commitment on the part of those involved. They were learning to believe that such relationships are to be entered into only as long as they are of mutual benefit to the parties involved. Typically, the character formation of the
entrepreneur is such that he has no qualms about breaking such relationships."34 The typical individual entrepreneur requires this sort of unattached perspective so that he may sever relationships which are restrictive or non-rewarding from the point of view of his own goal attainment.

Entrepreneurship has traditionally been thought to involve the bringing together of material and non-material resources, and the arranging of these resources into productive units. Both the structure that is created and the operations or the dynamics of the structure must be constituent parts of an environment which will be conducive to the survival and the feeding of those forces which motivate the entrepreneur who in turn drives the firm. Therefore, in order to perpetuate his own initiative the entrepreneur must learn to detect and sever all relationships which would be destructive to the forementioned favorable environment. The only hold any relationship should have on the entrepreneur, in order that he may function at his peak level as determined by his motivational drive, are those elements of the relationship which are perceived as contributing to the attainment of his own goals.

This does not necessarily imply that the individual entrepreneur is irresponsible and immature to the point where he immediately severs any relationship or abandons any situation in which every detail is not as he would have it under ideal conditions. As pointed out in the previous section on the execution function, entrepreneurs usually have a long range perspective so that relationships which are only temporarily restrictive or disheartening may not necessarily lead to an immediate termination of the relationship. This is due to the fact that although these relationship may in the short run have some unfavorable implications,
in the long run they may be assisting the attainment of the entrepreneur's goal. In other words, if the unfavorable aspects of the situation contributed to the progress along the entrepreneur's open-ended goal continuum then they would be endured even though temporary sacrifices would have to be made by him. It is perhaps somewhat paradoxical that what appears to be back-stepping by the entrepreneur with regard to his acceptance of conditions which he does not consider as ideal, is actually progress in terms of its long range implications to advancement along an open-ended goal continuum that does not have many specific points of reference in respect to intermediate goal attainment.

The transient mode of commitment also makes a vital contribution to the entrepreneur's perseverance, in that through his understanding of his own self-centred attitude and his resulting behavior, he can understand this attitude in others. That is to say, when he is abandoned because he did not meet the expected standards of others with whom he was associated, or when he finds that he has been used by someone for their own gain, he is not destroyed because he realizes that under similar circumstances he would probably have acted in a like manner. He regards the situation as a lesson in a competitive learning process in which the entrepreneurial behavior mode is shaped. The entrepreneur understands that successful competition in an imperfect market depends on change...successful and accepted change depends on the manifestation of perceived improvement...the quest for improvement is hindered by the presence of non-contributing or inferior elements..and, therefore, in the interests of survival in an environment such as this, those undesirable elements must be eliminated. The belief in the elimination of dead weight can only contribute to the value of an entrepreneur. So although on the
surface many of the entrepreneur's actions may seem to show a lack of regard for others or a seemingly irresponsible transiency, they are only attempts by the entrepreneur to perpetuate the phenomenon which he represents and sustain the process of change which he brings about.

Entrepreneurial Motives

It is reasonable that society in general should look upon the business man as being motivated essentially by profit. This perception evolves primarily from the fact that the very nature of business activity involves the measurement of success in terms of standards such as: size and control of market; rate of growth; size of firm; and rate of return, etc., all of which are usually reflected in the profit derived from the enterprise. One logical but perhaps hasty conclusion is that businessmen are motivated solely by profit. However, if this question is approached by way of the rationale presented in previous sections on feedback and entrepreneurial energy, then monetary profit may be a goal but not necessarily the motive behind the behavior of the entrepreneur, in that it acts as a measure of achievement or progression along an open-ended goal continuum.

McClelland hypothesizes that it is the achievement motive and not the profit motive which is at the base of entrepreneurial endeavor. Some theorists see this generalization as somewhat naive to be applied over the whole span of entrepreneurship. However, McClelland did admittedly derive some interesting findings through his research and tests. For instance, he found that individuals characterized by high achievement motives do not respond to absolute money incentives. That is, they did not work harder when offered more money for successful completion of a
task. However, he also found that the high achievement motivated individuals believed that marginal remuneration for successful completion of tasks of increasing difficulty should increase at a faster rate than did the low achievement motivated individuals.

The above findings would apparently fit the model of entrepreneurial behavior already determined in that:

(1) Entrepreneurs show by their attitude toward risk that, just as achievement motivated individuals, they place a high premium on the importance of the contribution of their skill and effort to the success of the venture; and

(2) The entrepreneur puts his full effort into any venture which he undertakes, and thus additional incentives cannot possibly make him work harder. He either approaches the venture wholeheartedly or not at all; to behave otherwise would be cheating himself because he initially accepts the challenge or risk of a venture in contemplation of what success in the venture will mean to him after full evaluation of whether his desires or needs will be compromised by any characteristics of the project and its operations.

It is very difficult and perhaps impossible to objectively differentiate between the profit motive and the achievement motive. In the first place it is hard to test the influence of the profit motive in the laboratory because the real stakes which exist in the business world cannot be duplicated. In the second place, no one can deny with authority that profit is a symbol or measure of achievement. To be motivated by one is to be motivated by the other. As observed in the section on entrepreneurial energy, it is perhaps more realistic to look at the question with regard to a profit-achievement goal continuum.
To attempt to differentiate between them may just be hair-splitting.

The above statements are not intended to belittle the importance of profit to the entrepreneur because it is a prime consideration in all cases of entrepreneurship. Only through the production of a profit can the entrepreneur hope to sustain his livelihood as a businessman. However, while it is most certainly a goal in all instances of entrepreneurship it is not necessarily that influence which motivates the entrepreneur. The individual independent entrepreneur is in reality motivated by a form of what has been classified as self-actualization. By motivated it is not meant, 'made to move,' but rather 'made to want to move.' Self-actualization refers to the desire of an individual to become actualized in whatever he feels he can be or must be potentially. The traditional independent entrepreneur is most likely to perceive his actualization potential in terms of an open-ended goal, the most predominant of which will be independence, recognition, power, or wealth. However, he will measure the extent of his actualization by the rapidity of his movement along his goal continuum rather than the attainment of some final aspired to plateau of achievement. In other words, he is motivated by advancement or movement (achievement) along a relevant continuum; he is motivated by motivation itself as defined, in that he wants to move because it is out of the movement (upward or forward mobility) that satisfaction is derived. This inner motivation is something that is basic to the nature of an entrepreneur and when he ceases to have this desire to move he ceases to be an entrepreneur, because he will in all probability cease to act in an entrepreneurial way.

The understanding of this hypothesis on entrepreneurial motivation is very important in that it leads to the suggestion that an entrepreneur cannot be motivated by external factors in his environment; His movement
may be helped or hindered, or the goal continuum on which he measures his achievement may be altered. However, his basic motivation, movement itself, is something that is within the man and cannot be artificially created by another individual. It should be further noted that in the context in which movement is used here, it is facsimilious to achievement, and thus the need to achieve is in a sense the motivating force behind the entrepreneur. For the entrepreneur there is no profit motive, recognition motive, independence motive, or power motive. These things do not motivate but merely provide a criterion for measurement. The choice of criterion may vary and is in many cases flexible and interdependent as are many open-ended goals. For instance, in our economy one may gain recognition, power, or financial independence from the possession of wealth arising out of the creation of profit. This is only one example, but it does show how goals may be interdependent and easily confused with respect to their importance as goals to any individual. In addition, it suggests that if a man changes his goal his behavior may not be greatly altered.

The question now arises as to how or why an individual becomes motivated by movement, advancement, achievement, or whatever one wishes to call the driving force in the entrepreneur. It is in all likelihood merely something that a man has or has not got. It is not necessarily innate but is a product of the influences of the individual's formative environment. In the following section various finding of Collins et al with respect to entrepreneurial backgrounds will be briefly discussed in the hope of providing some basis for the above supposition.
IV. ENTREPRENEURIAL BACKGROUNDS

Most studies of entrepreneurship contain references to the proposition that the entrepreneur is a product of his environment. The environments referred to are composed of pre-entrepreneurial and post-entrepreneurial influences. They include among other things: the effects of childhood situations; education—whether it be formal or the school of hard knocks; or the wounds and experiences of past and present attempts at entrepreneurship. The case studies conducted by Collins et al. did indicate the development of certain entrepreneurial attributes through the influence of often varied environmental situations. For instance, it was typically found that certain lessons such as self-sufficiency, leadership and responsibility relationships, and achievement and diligent effort relationships were situational by-products. In addition, the individuals studied by Collins et al indicated that they developed certain attitudes or modes of behavior to compensate for, or so that their actions would conform to in order to perpetuate, the circumstances which they vividly recalled and had come to regard as having great formative significance in determining their destinies. The entrepreneur in looking back seemed to always see himself as acting decisively, with no other choice at the time than the one that he made under the circumstances under which he found himself. The quality of the remembrance of these circumstances and the reactions to them was notably high and they were obviously retained emotionally as part of the entrepreneur's character formation.

The educational attainments of the entrepreneurs studied by Collins et al were random, and it appeared as if they either received
formal education or did not receive formal education on the basis of, (1) the strength of varied situational circumstances and the level of entrepreneurial development that the individual had attained through these influences and his reactions to them, and (2) the anticipated role that the individual aspired to and his perception of the contribution that formal education would make to the attainment of that anticipated status. What is of significance is that Collins et al found that with regard to the attainment or non-attainment of formal education, "these men do not see themselves as passive recipients of the dictates of destiny. On the other hand they do not see themselves as by any means in absolute control of the situation. Their view is pragmatic and realistic. As the life situation unfolds, it presents to them a series of choices. They always make these choices, in their own eyes, intelligently and decisively...the entrepreneurs recall themselves as men of volition and cognition. At each particular point in their educational careers, factors balanced in such a way that the choice was either to remain in or leave school. The choice to leave or remain is always made in the face of what might be called a 'precipitating incident.'" The reaction to this incident was usually determined on the basis of self-considerations and conditioned by character development as determined by prior influences and exposures, and/or the individual's perception of future potentials.

Education, although not formal, may also have been attained in what may be designated as the 'school of hard knocks' or as designated by Collins et al 'the school for entrepreneur's.' Collins et al found that through experience the entrepreneur derived reinforcement for existing attitudes, or developed other so-called entrepreneurial attitudes.
with respect to risk-taking, the transactional mode of interpersonal relations, achievement, and general business realities.

The effective performance of the functions of successful entrepreneurship seems to entail the possession of certain attitudes and certain skills as described in this chapter. To attempt to start a business without these attitudes and skills naturally increases the probability of failure. The preceding section was intended to note the strong relationship between environment and the development of these forementioned skills and attitudes in the traditional independent entrepreneur.
FOOTNOTES FOR CHAPTER II

1. The World Book Encyclopedia Dictionary


3. Ibid., p. 20.

4. Ibid., p. 4.


8. Dun and Bradstreet statistics show that 50 to 60 percent of business failures occur in the first five years of operation or in other words, during the execution stage. It is practically impossible to determine if the problem which caused the business to fail was caused by mistakes made in the observation stage or the execution stage or whether the mistakes made in one stage could have been corrected by steps taken in the other. For instance, it is very difficult to say if a poor sales record was wholly attributable to bad forecasting in the observation stage or faulty marketing in the execution stage, because in reality, the product of efforts in the observation stage is put to the test of the market in the execution stage at which time it is clouded in numerous other variables.


11. The fact that the entrepreneur usually has to attempt to obtain resources by inspiring confidence and convincing the prospective lender of the profitability of the venture is one reason why he has to trade away so much autonomy because both he and the proposal have not been successfully proven.
Nowhere is this more true as a rule than in securing financing.

Collins, Moore, and Unwalla, op. cit., p. 195.

Studies indicate that in instances where the entrepreneur was unable to regain control through these of other means he would abandon the venture.

See the balance of this chapter for an outline of the character of the independent entrepreneur.


The extent to which the traditional entrepreneur is usually considered to be alone may be a fallacy as has been pointed out in previous sections which indicated that his success very often depended on the assistance from outside parties, particularly sources of finance.


Collins, Moore, and Unwalla, op. cit., p. 52.

By relatively productive it is meant that there was some advance in production over what existed previously, although not necessarily the optimum advance possible.


McClelland, op. cit., p. 222.

I say inefficient employment of resources because of the high failure rate which results because the self-confident prospective entrepreneur often undertakes ventures which do not prove justified. This inefficiency may be considered a cost of freedom in a free enterprise society.

Because the entrepreneur is in all likelihood striving for escape or achievement, whether or not he perceives the venture as being risky does not make much difference in his behavior.

McClelland, op. cit.


28. Joseph A. Schumpeter, op. cit., p. 66; the list of what constitutes a new combination will give some idea of what is alluded to when this phrase is used.

29. Joseph A. Schumpeter, op. cit. p. 68; observed that, "The slow and continuous increase in time of the national supply of productive means and of savings is obviously an important factor in explaining the course of economic history through the centuries, but it is completely overshadowed by the fact that development consists primarily in employing existing resources in a different way, in doing new things with them, irrespective of whether those resources increase or not."


31. This open-ended goal continuum may be designated in any number of ways depending on an individual's motivating force. For instance it may be a time-power continuum, a time-recognition continuum, a time-independence continuum, a time-money continuum, or any other classification as long as it refers to an open-ended motive influence and not a specific goal.


33. Refer to following section on 'Commitment.'


35. McClelland, op. cit.


37. Since much of my investigations and observations yielded results very similar to the findings in Collins, Moore and Unwalla, op. cit., most of the material in this section is derived from that study.

38. Colline, Moore, and Unwalla, op. cit., p. 52.

39. Ibid., p. 95.
CHAPTER III

THE LARGE SCALE ORGANIZATION AND THE ORGANIZATIONAL ENTREPRENEUR

As the large scale organization becomes an increasingly prevalent feature of our society, there seems to be a rising concern over the fate of the individualism which is regarded by many as the prime factor in the economic success of the free enterprise system. Subsequently, there is a like concern over the fate of the entrepreneur who is thought to be the stronghold of individualism in the business setting. Those who despair over the influence of the organization, foresee a trend toward collectivism and the propagation of a risk-averting, indecisive, security-seeking, puppet-like organization man. This perceived shift to an organizational mode is deemed dangerous from the point of view of its hypothesized destructive effect on the individualistic fibre of the laboring populus and in turn on the economic and sociological development of society. There are of course various assumptions implicit in the above statements. Among these are:

(1) There are certain structural and operational elements present in the large scale organization which are not conducive to the development of entrepreneurial behavior;

(2) There is an individualistic mode of behavior which thrives in the absence of organizational characteristics such as those found in large business organizations and which is destroyed by those characteristics; and

(3) This assumed destruction of the independent man is detrimental to
the advancement of the goals of a free enterprise society.

In the first section of this chapter certain structural and operational elements of the large scale business organization will be examined generally with particular reference to their hypothesized destructive effects on individual behavior and identity. Certain common fallacies concerning the desire, the inclination, and the ability of the large business organization to consume the individual and limit individualistic modes of behavior were discussed with the intention of showing that:

(1) In reality, only the manifestations of individualism which are deemed destructive from both an organizational and an individual standpoint are filtered out by the organization, with the element of destructiveness being based on the concept of productivity and long range welfare, respectively; and that

(2) Taken in the proper perspective by the individual who desires to preserve his individualism in the workplace, has a high value as a producer to the organization, has the strength of character and skill to systematically assert his individualism in the organizational environment, the large business organization is not an impersonal consuming monster but a vehicle of individual achievement.

With the perspective of the business organization provided by this section and the perspective of the traditional independent entrepreneur provided by the previous chapter, it will be possible to proceed in section II, to the delineation of the entrepreneurial type to see if and/or how this individualistic so-called prime mover perceives, fares, and behaves in the environment of the large scale organization. In the last section of this chapter the development of the entrepreneurial type
will be examined in the perspective of the advantages and disadvantages to a free enterprise society.

I. CHARACTERISTICS OF THE LARGE SCALE ORGANIZATION

As our society becomes increasingly affluent, its collective desires and needs, both material and otherwise, grow in magnitude, scope, and complexity. The problem of the satisfaction of these needs and the demands that they represent on the productive capabilities of a nation naturally expand in like dimensions to the needs themselves. Advanced technology, division of labor, and the realization of economies of scale are among the methodological factors which have facilitated the growth in productive capacity which was required to keep pace with the growing demands upon it. The satisfaction of these demands can be looked upon as being achieved through the mobilization of resources, either through activating formerly unused resources, or employing resources that are already in use more efficiently or in different and more desirable ways. Whatever the case, the large scale organization evolved as an institution designed to facilitate this twofold mobilization of resources through the implementation of methods such as those mentioned above.

On the other side of the coin, the existence of markets growing in size and complexity both from the point of view of structure and the mechanisms required to reach it, necessitated greatly increased capital investment in means of invention, development, production, and marketing. This capital and resource accumulation came highly priced, and thus the creation, perpetuation, and modification of more and larger markets was needed in order that the increased expense and investment required to bring about the realization of the benefits of progress in various fields
and supply more sophisticated products to a growing consumption en-
litened society, could be absorbed and their incurrence justified. Thus
the large scale business organization with which this treatise is con-
cerned seemingly resulted as the product of the pull of market demand,
the push of the capital costs and expenses of productive progress and
technological advance, and the incentive that the successes achieved by
large scale organizations represented for duplication of its form by
those desiring to realize the benefits in other as yet unintegrated fields.

In this section of this thesis the major area of concern is the
effect that the large organization has on the manpower that it employs.
More particularly, the concern is with those who manage and build the
large organization, because as stated by Harbison and Myers, "In the march
toward industrialism, capital, technology, and natural resources are but
passive agents. The active forces are the human agents which create and
control the organizations and institutions which modern industrialism
requires." It is impossible to overemphasize the importance of
managerial resources to the large scale organization. In the studies
done by Harbison and Myers, certain conclusions were arrived at which
generally indicate the importance of managerial resources, and stated
here they would perhaps provide a good perspective in which this section
on organizational characteristics should be viewed. They are:

(1) "Enterprises differ both in the size and complexity of their
activities and the more complex the organization the greater is
the intensity of the use of managerial resources.

(2) The larger the market and the more complicated the market struc-
tures and mechanisms, the greater is the intensity of the use of
managerial resources.
(3) Industries requiring large capital investment appear to require a correspondingly heavy investment in high talent managerial resources. Or put in a different way, large expenditures for capital and machinery are likely to be quite unproductive unless there is a corresponding investment in the technical, professional, and managerial manpower to make them effective.

(4) Innovations of all kinds require very heavy investment in high level managerial resources.

(5) Management is a principal factor in determining the productivity of labor, if we assume that capital and raw material inputs remain the same."5

Those individuals who control large organizations realize the need for quality managerial resources and performance and, therefore, are constantly searching for managerial methods which will yield efficient results. Contrary to what many believe, these methods are not necessarily aimed at consuming the individual. As a result of years of study into the motivation of individuals, the ideal methods are more likely to be directed at developing individual responsibility, promoting the individual will to achieve within a participative environment, and nourishing the individual's desires for freedom within an ordered work system. However, the large scale organization brought with it deep hierarchies of authority, specialization of task, and impersonalization of the worker. It is features such as these that as hypothesized by this thesis are thought to produce a docile environment in which individualism and identification are consumed, and which are thought not to be consistent with the aims of the ideal management methods as described above. Therefore, in the following section these points will be further examined under the headings
of (1) hierarchial consumption, (2) consumption through specialization, and (3) consumption of identity.

Hierarchial Consumption

As the trend toward 'hugeness' permeates the business environment, hierarchies of authority, administration, and control expand both horizontally and vertically in response to the demands of effective administration and control in the organization. One very obvious characteristic of these hierarchies is that everyone cannot be at the top at any one time, and therefore, the majority of individuals in the hierarchy must almost by definition be in some sort of a subordinate role. However, in spite of what many people assume, this fact does not imply that because an individual is a subordinate in a hierarchy of an organization he must necessarily forsake all aspects of individualism, show undeviating loyalty to corporate objectives at the expense of his own, lose all initiative and innovativeness in a milieu of established rules, boundaries, and procedures, trade the capacity and desire for independent decision making for the security of a non-responsible dependence, and generally succumb to a comfortable modal pattern of organizational conformity and collectivism.

Individual objectives: The hierarchies which exist in a large business organization may be looked upon as arrangements of individuals according to qualifications, qualities, or other characteristics on which the privilege of authority and the burden of responsibility is or should be based. These hierarchies form the frame of an organization whose activities are directed toward the attainment of some goal(s) which in business usually centres around some aspect of profit-making.
The organization itself may be viewed as a system. Likewise, the individuals within the organization may also be considered as systems which may cluster informally or be grouped formally by the powers that be in the organization, forming sociological or functional subsystems, respectively, of the organizational whole. The larger system (the organization) may be seen as attempting to follow a path towards its chosen objective. Likewise, its constituent systems, as individuals and/or as sociological or functional system clusters, also seek to maintain a course which will lead to the attainment of their own objectives. The actual and perceived relationship between the objectives of the various collective or individual entities within and including the organization itself, and the understanding by these separate entities of their basically interdependent relationship, can be a prime determinant in the ability of the potential organization to function efficiently as an organization.

Harbison and Myers state that, "the essence of organization is the coordinated efforts of many persons toward common objectives." A common misconstrual of statements of this type and content, and one which often leads to disenchantment with the idea of the survival of individuality within large organizations, is that the persons in the organization must adopt the objectives of the organization as their prime concern, thereby making their personal objectives matters of secondary concern. However, for a business organization to be functional under the implications of this interpretation, either:

(1) There must be little or no difference between the objectives of the organization as a business enterprise and the objectives of the individuals within the organization; or
(2) The individuals within the organization must be willing to place their own personal objectives second to those of the organization; or

(3) The organization must have the means to force the individuals within the organization to adopt the objectives of the organization as their prime concern.

All three conditions are unlikely. Firstly, as a hypothesis, consider that the objective of all business organizations is or should be the maximum utilization of assets. This objective may be reflected in chosen indexes of asset utilization such as per share earnings, sales, social benefit, greater employment, or return on investment. The objectives of those individuals that make up the personnel of the organization are in all probability based on some aspect of self. It is highly unlikely that the objectives themselves are the same as those of the organization. For instance, there is no reason to expect that an individual will derive any direct personal satisfaction from the mere fact that the business in which they are employed achieves its objectives with no benefits accruing to the individual himself. However, it is likely that even though the objectives differ, the method of objective attainment may be the same. For instance, an individual may derive indirect satisfaction of their own objectives from the attainment by the organization whole of its objectives in that through the success of the enterprise the receipt of financial remuneration may be ascertained, promotions for contributory individual achievement may be forthcoming, or continuance of employment may be maintained. It would appear that there is something other than the existence of common objectives behind organizational solidarity since there is a very low probability
that the objectives of the business organization as a whole are the same as those of each individual member of the organization, as these objectives are described above.

Secondly, the human animal is basically ego-centrically oriented; that is, he is motivated consciously or unconsciously by some concern of self, even if this concern for some aspect of self satisfaction manifests itself in behavior or actions which are beneficial to others. For this reason it is unlikely that the majority of individuals within business organizations would willingly place their objectives second to those of the organization of which they were a contributing part, especially if there was a perceived divergence between the respective objectives and they were or were potentially mutually exclusive to some degree. The veracity of this proposition is strongly related to the individual's sense of independence and his ability to assert this independent spirit which may depend on his affluence, his sense of compromise, and his wisdom.

Thirdly, while it is possible for an organization to institute and employ means that will force individuals within the structure to operate as if the objectives of the organization were their prime concern, it is also true that the more mutually exclusive the objectives of the organization and those of the individuals within the organizational structure are or seem to be, the more drastic and extensive will be the means required to force conformity. After a point the coordination function becomes unwieldy and the organization in essence ceases to be an organization and faces disintegration through inefficiency, loss of personnel, or frequent dissent, defensive action, and confrontation on the part of the individuals within the organization.
The preceding arguments are suggestive rather than conclusive, but it is highly unlikely that a business organization of large scale will or can in the long run successfully demand that the individuals of which the organization is composed adopt the objectives of the organization as their direct objectives. Furthermore, it is unlikely that they would want to, in that it is really not necessary for this condition of objective homogeneity to be present for the organization to prosper and function. What is necessary is homogeneity with regard to the method of objective attainment within the organizational system.

Managerial policies are in reality a product of environmental pressures. That is, the managerial policies that are likely to yield the best results are those that accommodate the philosophies that are present in a working environment. Since in democratic nations the predominant philosophy is individual freedom, it stands to reason that the ideal and somewhat extreme freedom oriented management policy should be what has been called 'management by objectives.' The essential task in management by objectives is as stated in Harbison and Myers, "to arrange organizational conditions and methods of operation so that people can achieve their own objectives best by directing their own efforts toward organizational objectives." It could be noted that the feasibility of management by objectives is very much related to the veracity of Douglas McGregor's 'theory Y', and the capability of the person to work under the influence of his own individual initiative, consent, persuasion, and self-direction.

Since the large scale organization is an entity that amalgamates individual activity, theoretically producing a whole that is greater than the sum of the parts, then for the individuals concerned it becomes a
vehicle by which diverse personal objectives may be attained. This is true at least under the assumptions of McGregor's 'theory Y' and forms of direction approaching management by objectives. While it is not necessary that the personal objectives of the individuals in the organization conform to those of the organizational whole, it is necessary that they retain one particular element of conformity; this element being the desire for the success of the organization as an entity in itself. Thus, from the point of view of the survival of individual objectives in the large scale organization, it is entirely possible that an individual can retain his own objectives as his primary drive as long as his means of attaining it are not contrary to the best interests of the organizational whole. Although what has been said thus far has been applied generally to the personnel in large organizations, in the following section on the 'behavior characteristics of the organizational entrepreneur,' the transactional mode of the unique individual who is the subject of this thesis will be examined amidst a view of company attempts to encourage him to vest him interests in the organization.

Operative Freedom: Organization, as stated in the previous section, requires the coordination of individual effort. This problem of coordination is potentially volatile because of:

(1) the probability that a feeling may arise among the constituents of the organizational system, that the objectives of the firm are in some way mutually exclusive to those of the participants in the operations of the organization; or

(2) the probability that a divergence may develop among the constituent parts of the organization as to the appropriate methods or means of objective attainment.
Therefore, in order to protect the organization directly and the constituent parts indirectly from the ill effects of too much divergence in both respects, certain constraints on the operations or activities of the parts are necessary. Nevertheless, many theorists maintain that the extent to which this process of placing operating constraints on individuals is applied in large organizations is not conducive to maximum individual productivity and the deriving of individual need satisfaction. In other words, too great a social cost is incurred by this process in the interests of economic efficiency. This contention although widespread is somewhat of an over-generalization and need not be true, given the powers of individual to reason and realize his own limitations.

Within business organizations there are certain functional relationships with regard to elements of initiation, planning, innovation, administration, control, coordination, and supervision; functions which must be performed in an increasingly complex and often stochastic external environment to which a competing organizational system is exposed on its path toward the attainment of its objectives. In addition, there is also a strong element of uncertainty resulting from the complexity of the relationships which form an important part of the internal environment of the organizational system. The risk of failure which may result from error originating from within or without the organizational system, or the inability to deal with the uncertainty in either of the above mentioned domains, is in the final analysis bourne by the organization as an entity in itself. However, because of the vastness of the task, compensation for the risk lies in the proper and efficient performance of the necessary functions which is undertaken by the various constituent parts of sub-systems of the organizational whole. It is this latter
fact which rightfully places interim responsibility for error or failure with the smaller component systems, and because of this placement of responsibility and the rewards and punishments which accompany it, the direction of the functional sub-systems within the organization will be much more effective, from the point of view of the acceptance of these rewards and punishments, if there is a common understanding of the relationship between the objectives of the organizational whole and the objectives of the constituents of the organizational whole, as well as a common understanding as to the 'best means' of attaining the respective objectives. A problem may arise because the 'best means' must necessarily be those that will lead to the success of the whole organization, and individuals must accept reward and punishment on the basis of achievements contributing to the attainment of the organizational objectives and not on the basis of actions or results furthering individual objectives to the exclusion of those of the organization. Deviations from the expected objective-attaining trajectory may result from strategic errors originating from elements outside the system or tactical errors originating from elements inside the system. Within the firm, errors may result from the inability to control the system internally or an inability to control the system on its external path, both of which may be measured in terms of the frequency of error, direction of error, size of error, and rectification of the error. The individual or collective competence of the constituents of the organizational whole is obviously a very important factor in the initial making of the error. Nevertheless, it is competence as well as the responsiveness of the system to rectification which determines the ability of a business system (organization) to correct or mitigate the effects of an error.
Hierarchies of authority, chains of command, or channels of communication, depending on one's viewpoint and the name one wishes to place on the administrative and/or control structure of the large organization, are the manifestations of attempts to formalize relationships of: superiority and subordination; control, administration, and responsibility; and communication. They are necessarily instituted because:

(1) They provide some means of communication throughout the organization so that there will be some common understanding and perspective of the intended objective-attaining trajectory and the objectives of the organization, the contributory demands on the various constituent parts of the organization, and the relationship between the contribution to the attainment of the objectives of the firm and the receipt of rewards by and the objective attainment of the contributors. It could be noted that on the basis of this communication and understanding, misfits or inappropriately placed individuals may be detected and eliminated, relocated, or may chose to extricate themselves from the organization.

(2) They constrain the domain of the smaller systems of which the organizational whole is composed to such a degree that the number of innovative levels in the organization is limited in the interests of the preservation of the quality of responsiveness to rectification or required contribution. The latter element of responsiveness provides the system with checks and balances so that the occurrence of error is avoided as much as possible and so that the activities of the various parts of the organization have a relation to each other and the goals of the firm.

In the absence of the constraints mentioned above there is much more of
a possibility that perceived differences between, (1) the objectives of
the organizational whole and those of the component systems, and (2)
thoughts as to the best manner of attaining the respective objectives,
will manifest themselves in behavior which is deviant from an organi-
zational viewpoint. Should this occur, in the long run it may not be
conducive to the attainment of the objectives of the organization or
the individuals who make up the organization, since it may lead to a
destruction of the organizational whole in which all concerned have a
vested interest insofar as it is a vehicle employed to achieve individual
objectives.

The vast amount of rules, procedures, boundaries, and constraints
which are typically present in large organizations serve as means of
integrating the individuals strengths within the organization so that
the product of the collective efforts will indeed be greater than the
product which could be attained by the parts were they operating
independently. The constraints on innovative action as far as deter-
mining the means and methods of attaining objectives are necessary so
that the incurrence and the rectification of error can be controlled, and
the initiative, creativity, and innovative actions of individuals do not
run rampant but rather contribute to the attainment of determined objec-
tives. 10 Were this not the case, not only would organizations compound
the effects of individual energies and talents, but they would also
compound the effects of individual error. In large organizations there
is a great respect for precedence, particularly with regard to the
incurrence of previous error. Therefore, while it is true that the
control and administration mechanisms of large organizations do limit
individual freedom to make the same mistakes that others have made
before them, it is very difficult to rationalize any condemnation of large organizations on this feature.

It is hypothesized here based on general observations, that it is unfortunate that because it may often be assumed that large business organizations possess some degree of centralization and the reduction of autonomous thought and action, it is thought that originality fights a losing battle in the large organization and, therefore, the large organization naturally carries the seeds of individual stagnation. However, this is very misleading and much too much of an over-generalization.

In the first place, the large business organization in the modern environment must remain flexible, adaptive, and innovative if it is to survive the rigors and pressures of the competitive environment. It is reasonable then that the active agents in an organization (the human element) must possess similar qualities. In a recent issue of Fortune Magazine in an article on large corporate recruitment methods, it was noted that such companies as Humble Oil search for qualities such as a willingness to take risks, confidence in leadership roles, and widely varying interests, in their management personnel. This would suggest that while this type of behavior would not be required or encouraged at all levels of a large organization for reason noted in preceding discussion in this section, it could certainly be of great benefit in selected levels of the organization. Just how these qualities which are usually found in an entrepreneurial type individual can be used in a large organization will be discussed further in later sections of this chapter.

In the second place, it is unrealistic to assume that an individual will stagnate in an environment in which he is not allowed to make original contributions or maintain complete autonomy with regard to his
actions. It is safe to say that the majority of individuals in our society do not have the character make-up, the moral fortitude, the attitudes, or the skills and talents which are required, or seem to be required, of an individual who would be successful in an independent enterprise in a market economy. In addition, it is unlikely if most individuals would want to be autonomous or would make the sacrifices that are required to be autonomous in our modern industrial state. The individual who asserts his independence in our society is often seen as quite immature and childlike in manner. That is, as stated by Gardner, "he is a model of openness to new experience—receptive, curious, eager, unafraid, willing to try anything, and above all not inhibited by fixed habits and attitudes." He is flexible and adaptive, and he must be innovative if he is to survive. In addition, he is easily perceived as being irresponsible. These individuals are few. Successful men of this type, we have come to regard as 'entrepreneurs.' However, society as we know it produces conditions which are not conducive to this attitude for the majority. For instance, because of the high level of material satisfaction enjoyed by the populus, low survival margins produced by rising expectations as to what level of material holdings is desirable or necessary to maintain a certain status, and perhaps a deeper insight of people into their own limitations as compared to what they believe is required to be an independent enterpriser in the market economy, individuals are induced to vest their interests, come to accept the status quo, and become committed without the nerve or the individual strength to change. By willingly submitting to authority, an individual relieves himself of the responsibility for his actions and the anxieties of individual autonomy, and by rationalizing a belief in a system of
relative dependence, an individual achieves a sense of security which he could not find elsewhere. He sees no reason to assert his independence from the organization because he enjoys the relative affluent state that the large organization has made possible through increased productivity. He also lacks the confidence and moral fortitude to change and remove himself from the large organizational system when he realizes he can increase his lot through the use of mechanisms within them. As a result he does not change. This man has resigned himself to a life of relative mediocrity, but he probably made a wise choice.

The organizational entrepreneur, is an intelligent, ego-centric, independent individual who regards the large organization as a vehicle which he employs to achieve his own objectives. He survives the restrictions on his independent action through the acceptance of the fact that the constraints on his innovative action contribute to the strength and well-being of his vehicle without which as will be seen in the following section on the organizational entrepreneur, he would not achieve or would at least have a more difficult time in achieving his objectives. He does however, have various characteristics which differentiate him from the security-seeker or the committed and subsequently inflexible and 'immobile' individual. These will be examined later in this treatise, where it will become clearer as to how he uses the large organization and how it uses him.

**Innovation**: Survival of the firm in a competitive environment depends on the maintenance of a differential advantage by the firm. There are various ways in which a differential advantage may be attained or maintained. Among the legal and legitimate methods are: (1) the
possession of superior resources, (2) the superior organization and employment of available resources, and (3) innovation. When a firm possesses a store of resources it attempts to capitalize on their collective energy and strength as a unit through the theoretically integrating effects of rules, procedures, constraints, and the productive influences of precedence and authority. However, as pointed out previously, these limitations may involve the supression of innovative action at selected levels in the organization. Varying degrees of bureaucracy are inherent in the hierarchial structures of large business organizations and this feature does provide stability insofar as the controlled response of sub-systems is concerned. However, carried to extremes, enforced automaticity of response may variously destroy or under-utilize the productive and innovative capacities within the organization. Nevertheless, this situation need not occur, and many of those who maintain that it will, base their contention on the hypothesis that as an organization expands, control and decision-making become more centralized through attempts to integrate the different functional elements of the organizational whole, thereby decreasing the demands upon the initiative and innovative abilities of the increasing number of subordinate levels. This condition would, therefore, decrease the need for individuals with innovative or decision-making abilities at lower levels in the organization. However, the hypothesis can be opposed from a number of viewpoints.

Firstly, the large scale organization is itself the product of innovation within the business sphere as a method of effectively mobilizing resources. The businesses which have been transformed into large organizations were themselves the product of entrepreneurial
endeavors and innovative strengths. In addition, since the inception of the large scale organization, this form of business enterprise has continued to spread in its use and succeed in adapting to the conditions and meeting the demands of its environment. It is unreasonable to maintain that the size of these giant organizations seriously suppresses otherwise productive initiative and innovativeness in areas where these traits are desirable, when they have been so obviously successful in perpetuating their form and achieving their objectives in an ever-changing competitive environment wherein survival depends to such a major degree on innovation, be it scientific, technical, organizational, or administrative, and wherein the powers and opportunities of the individual to compete with, resist, challenge, defy, or even overtopple these large organizations are still very much present. The fact is that the executives in large scale organizations, in their efforts to develop new products, conceive new market structures, finance expanded activities, and develop organizations of people, tools, and machines in the pursuit of entrepreneurial objectives, must be just as entrepreneurial and innovative were each individual in the organization attempting to conduct a business enterprise independently; perhaps even more so because of the immense resources that must be continuously revitalized through new activities in a changing environment. Under these conditions, rather than a decrease, there will be an increase in the demand for talented manpower from the point of view of competence, energy, initiative, and innovativeness required to assist the business organization remain competitive, effectively mobilizing its growing resource inventory amidst the increasingly complex human and non-human relationships which accompany the growth of the organization internally and externally.
Secondly, as an organization grows larger in size, attempts to control the workings of the organizational system through the centralization of policy and decision-making authority may prove to be dysfunctional in that they may lead to what may nebulously be referred to as a breakdown in communication, thereby resulting in a lack of controlled response of subordinate levels, a lack of sensitivity of superiors to subordinate levels, and a lack of flexibility which allows a firm to adapt to change in a competitive environment. A vertically expanding organizational hierarchy normally can be expected to increase administrative distance in the structure, or in other words, the number of levels between those levels in the chain of command where the policies are made, where the decisions are made, and where the policies and the decisions are expected to be followed and carried out, respectively. It may reasonably follow that, given a situation of extreme administrative distance and poor communication, certain types of individuals may come to feel that they are decision followers, dependent on the whims and directed by the desires of others, part of a 'mass man' in the organizational set-up, and unable to be identified, function, or receive recognition or satisfaction as individuals. However, it is important that some qualifications be made with regard to the above proposition. Firstly, it is unlikely that all individuals are concerned with their operative status as individuals within the work environment. Secondly, as organizations and the hierarchies within them expand, it is unlikely that all tactical decision-making can or will originate from top positions in the hierarchy. Consider as a hypothesis that it is likely that because of increasing problems of communication, expertise, size and complexity of encountered relationships, and the expanding store of
knowledge, data, and information required to do business in the modern industrial world, deeper and wider hierarchies will lead either through circumstance or design, to more decisions and more free interpretation of decisions being made at lower levels in the organizational hierarchies of large scale business organizations. As a hypothesis it may be stated that as a business enterprise increases its scale of operations, and its administrative hierarchies expand beyond some minimum limit which would determine its classification as a large scale organization, the amount of discretionary decision-making done at the subordinate levels of management in the hierarchy will increase regardless of whether or not the organization is formally structured for centralized or decentralized decision-making. This hypothesis is based on two propositions:

Proposition 1: If a large organization is administered through a decentralized decision-making structure, then almost by definition this involves the absence of close supervision by upper echelon administrating bodies, and the dissemination of decision-making authority through a hierarchy which is developed more horizontally than vertically.\(^\text{17}\)

Proposition 2: If a large organization is administered through a centralized decision-making structure, then as the organization expands, a point will be reached in the process of 'organizational deepening' where administrative distance reaches a critical level, and the problems of mutual communication and effective span of control either make it imperative or at least allow an independent attitude on the part of the subordinated management levels such that they will be informally required or may easily find the opportunity to make their own decisions in order to be operative in the performance of their functions.\(^\text{18}\)
Under either proposition mentioned above, the individual with initiative and competence will be able to function relatively independently if he so chooses, being removed by design or distance in the organizational hierarchy from the direct decision-making authority and influence of his superiors. In the instance of decentralized management, the proper functioning of the management system is dependent by design on the existence of self-energizing, managerially competent, independent type individuals who can make fruitful decisions subject only to the solicited advice of superiors. In the instance of centralized management, because of the administrative distance, the proper functioning of the system may also be dependent on the existence at lower levels of the type of individual mentioned above as being an integral component of a decentralized management system. However, in the centralized system, the individual may have a harder time getting recognition for his independent action because as is frequently the case, the central bodies in which formal authority and responsibility are vested may not make allowance in their thinking for the ability of subordinate levels to accomplish and grow. As a consequence this central body spends most of its time performing the tasks which it normally should delegate, has little time for innovative thinking or action, and tends to attract those managers who are so inclined. The independent individual can usually find many opportunities to make an identifiable contribution because of the communication gaps mentioned previously. In this type of an organization any independent action certainly stands out. Whether or not it is appreciated will determine the independent type person's ability to function and achieve in this type of an administrative structure, and his subsequent willingness to remain in it.
The coordination of individual objectives, the preservation of functional unity within the firm, and innovation, become increasingly complex because among other things; (1) the size of business organization is increasing and along with it, the number of individuals employed by these organizations, (2) the competitive domain of the business organization is expanding and competition is becoming more severe, and (3) because of the size of the firms and the vastness of their undertakings, commitments, and competitive pressures, every idea or action involving change is of great consequence as it could entail massive re-shuffling of resources, and could be vital to survival. For instance, the process of innovation no longer concerns just one or a few individuals, but rather a series of innovative thinkers in often lengthy processes, from invention to marketing in some cases. The division of tasks such as innovation in large scale organization—tasks which were traditionally thought to be performed by a few select and gifted individuals, often leads to confusion which manifests itself in ideas suggesting that the performance of the task itself is being eliminated. This in turn leads to the suggestion that individuals who would ordinarily perform these tasks would no longer be required or would find their talents unappreciated were they to attempt to function in such an environment. In the following section on consumption through specialization, an examination of the performance of entrepreneurial functions in general, should prove useful in forming a true picture of the large scale organization.

Consumption Through Specialization

As business organizations grow in size, of the firm itself and its undertakings, it becomes increasingly unlikely that one individual
can feasibly undertake the performance of the entire gamut of entrepreneurial functions within the organization. The impossibility of such an undertaking stems from the (1) growing requirements of data, knowledge, and information necessary to make decisions in modern business, and (2) increasing size and complexity of relationships which are encountered both internally and externally due to the expanded operations and scope of the large scale business's activities. As a result, problems of required expertise, capacity, complexity, and communication make it necessary that various aspects of the performance of the entrepreneurial functions of observation, execution, and planning, be shared. It is from this divided performance of the forementioned functions that the concept of the 'entrepreneurial team' or 'multiple entrepreneur' is derived.

As outlined by Cole, entrepreneurship in large business organizations is, "the purposeful activity (including an integrated sequence of decisions) of an individual or group of associated individuals, undertaken to initiate, maintain, or aggrandize a profit oriented business unit for the production or distribution of economic goods or services. The aggregate of individuals which together and cooperatively develop the decisions might perhaps be denominated as the 'entrepreneurial team.' It is really a team in the senses (a) that each person or officer plays a particular position or represents a particular aspect of the total enterprise, and (b) that each such person or officer is in some measure a complement of the others as far as the total purposes of the unit are concerned."20 Each member of the team is theoretically, in knowledge or at least insofar as the performance of a particular delegated task is concerned, a specialist. One could conceive of a large entrepreneurial team being composed of a number of smaller functional teams which are
in turn composed of other functional specialists (teams or individuals) and so on down through the organizational structure with each unit contributing to the total product of the whole entrepreneurial team. It is because of this sequential specialization that many theorists fear that individuals in the organization lose a sense of contribution too, responsibility for, and identification with, the total product of the organization. With these losses it is assumed that the individual will lose his initiative, innovative capacities, and the ability to derive personal satisfaction of his achievement needs from his work environment.

Admittedly, extreme specialization does make it more difficult for the subordinated individual to identify with the total or end product of the enterprise. However, this fact need not destroy the perception of individuality and achievement which comes from putting forth an identifiable contribution in the completion of a task or production of a product. Certain types of individuals such as the strong-minded ego-centric, have through their powers of reason, the capacity to limit their perception of the scope of their endeavors in the organization to such a degree that they are able to fixate their attention on those aspects of their task-performing environment which are conducive to the production within themselves of a feeling of importance and having contributed. As a result, this type of individual, by limiting his perception of his working domain, may be able to see himself as a big frog in the pond of limited size rather than a small frog in an ocean of complex relationships.

There is of course a limit to the circumstances which the human mind can realistically rationalize in the manner outlined above, and it is up to the enterprise concerned to some extent to provide a working environment which the specialist may dissect in his mind so that he may
perceive a sphere of identification which from performance therein he may derive satisfaction of his psychic needs as an individual.\textsuperscript{22} The reality of this dissection must of course be controlled so that it is not destructive to the functional unity or coordination of the complements in the organization. However, understanding of this mental decentralization by otherwise consumed individuals, provides an excellent basis for formally decentralized organizational structures and the implementation of reward and recognition policies from which maximum benefit may be derived insofar as satisfying individual needs and expectations.

Not all individuals are capable of reasoning with respect to their specialist status as described previously, but then not all individuals are overly concerned with their status and achievement as independent individuals in their work environment. In section II of this chapter on the Organizational Entrepreneur, it will become more evident that the type of individual who has the strongest desire to achieve as an individual and who is very much concerned with his individual status per se, will in all likelihood be the same person who has been endowed with or has developed the attitudes and powers of reason which would potentially allow him to survive and function very well in an environment of specialization as described in this section, assuming that he has the wisdom to employ these attitudes to his own best advantage. There are of course other types of individuals who do not attempt to assert their individuality and who care little if perhaps there are restrictions on this assertion should they decide to think or act otherwise. In the following section on consumption of identity, the workplace as a source of identification will be examined more closely to provide some insight into the question of just how and to what extent is the large business organization
important with regard to its individualism consuming characteristics.

Consumption of Identity

Much of the concern for the survival of individualism in the environment of the large scale business organization is perhaps overly dramatized by a belief in two widely held assumptions. These assumptions are that:

(1) The work environment provides a major source of identification as well as achievement or reward for the individual; and

(2) There is a very high probability that the work environment of large scale business organizations inherently possesses characteristics which are peculiar to large business organizations and which are completely destructive to individualistic modes of behavior.

These assumptions can be very misleading if accepted at face value and merit closer scrutiny to establish their validity.

As our industrial society develops, and its productivity increases, people in general become most affluent and man is required to spend or spends out of choice, decreasing amounts of time at some income producing activity. As a basis for discussion, consider that it is probable that the average man spends approximately one-half of his non-sleeping hours employed at the 'job' from which he derives financial support. This amount of time although decreasing, is still significant, and it is likely that the individual will take and may demand every opportunity within or without reason to make this time as appealing and satisfying as possible, if not simply because of the proportion of his time involved. However, this does not mean that the workplace is necessarily the only
or even the most important source of need satisfaction for the individual. In fact, it is entirely possible that the workplace as a source of identification and achievement for the individual has decreased even more than the time spent in the workplace.

The general populus of our free enterprise society seem to be increasingly disposed, and various groups completely committed, to the idea that during an individual's lifetime he can expect, and what's more he is entitled to expect, that the amount of time that he will or must spend at the job from which he derives material support will decrease. This expectation is based on the contemplation of either: (1) a decreased need to work because financial remuneration is sufficient during the shorter periods worked to satisfy all demands upon it, or financial remuneration is forthcoming from other sources not requiring work such as various forms of social support which are available; or (2) a decreased demand for the quality of service which an individual can offer to the business sector. Therefore, as our technology advances and we progress toward a system of economic goods production in which more and more people are superfluous to the production side of the business sector which is and must be concerned primarily with economic efficiency, those individuals who are not competitive as far as the qualifications that they possess in comparison to other productive means, those individuals who are still competitive but whose qualifications place them on the threshold of being obsolete, and those individuals who are competitive but who perhaps prematurely contemplate being obsolete, are finding other outlets for their energies and other sources of physical and psychic satisfaction. The number of individuals who find themselves in these circumstances or who have these sentiments can be expected to
increase. However, these individuals are not likely to be concerned with their ability to derive satisfaction from their work environment of what might be referred to as 'upper level psychic concerns' such as self-actualization and the preservation of independent prerogative. It is to be expected that those individuals who are definitely a non-competitive resource in the business system and those individuals who are on the threshold of being non-competitive, will revert to being concerned with basic remunerative aspects of their employment such as security and financial returns, at the expense of their concern for deriving psychic satisfaction. Likewise, those individuals who are not yet superfluous to the business system from a productive viewpoint but who are consumed by their perhaps premature contemplation of the idea and/or fact that they will be at some future time, are likely to place decreasing emphasis on the work environment as a source of psychic need satisfaction because of their own understanding, perception, and resignation to the inevitable trends of an advancing free enterprise industrial society. The preceding arguments are certainly not conclusive, but they do suggest that the workplace, of which the large scale business organization is increasingly characteristic, is decreasing in its importance as a major source of identification which comes from making a worthy and identifiable contribution in a system, for an increasing number of individual human productive units. By these arguments it is not intended that the importance of attentions and efforts directed toward the provision of working environments conducive to individual development and productivity in the business sphere be downgraded in any way, but merely to suggest that these efforts and attentions need be directed toward decreasing numbers of individuals in these large
organizations to whom the work environment does provide a major source of identification as well as achievement and reward. These individuals are the expanding nucleus of highly talented manpower which this treatise is concerned, because the bulk of the work force will increasingly fall into one of the contingently superfluous states mentioned previously, and as such are not greatly concerned with the working environment as a source of identification.

In addition to questions arising out of the assumed importance to the individual of the 'job' environment as discussed above, there are those questions which arise as to the trueness of perspectives of large scale business organizations which would isolate these organizations on the basis of characteristics deemed to be inherent in or peculiar to large organizations and particularly destructive to individualistic modes of behavior. Viewpoints which are based on the perceived existence of a definite dichotomy between the working environment of the large scale business organization and what shall here be referred to as the non-working environment outside the organization, are somewhat outdated and erroneous—a fact due principally to a misunderstanding of, or a refusal to acknowledge the evolving ecology of the large scale business organization. In the emerging industrial society the large business corporation is legally an entity of itself. However, if the large business organization is to perpetuate its existence, it cannot operate as an isolated entity in that society.

The large scale business organization, as suggested earlier in this chapter, is nothing more than a tool; a combination of productive means and methods filling a need, and created in response to a demand. In the initial stages of the industrial revolution when the large business
organization first evolved, it is probable that their sudden impact on the scene, their often autocratic and exploitive operating forms, their apparent capabilities to produce massive amounts of goods and services through the absorption and employment of human and non-human resources, and generally the somewhat radical differences that this form of business organization or manner of resource mobilization was from and too the economic development and business forms which had preceded it, served to reinforce, perhaps justifiably, any belief that this form of business and economic concentration potentially threatened individual identification in the work environment. However, as the large scale business organization matured and became established and more or less accepted as a permanent feature of the business environment, it was increasingly evident that competitive pressures and general market considerations, both with regard to input supply and output demand, were propagating the realization on the part of these maturing business organizations that they were not economically or socially independent entities in society but rather integral and dependent parts of a free enterprise social system. This realization in turn led to actions and attitudes indicative of a new social awareness and a growing disposition toward open-endedness with regard to reaction to influences outside the actual business organization but nevertheless included in the business organization's total environment. While it is very difficult to determine whether the forementioned apparently humanistic inclinations, actions, and attitudes are the result of practical and realistic analysis of market considerations or a real manifestation of an evolving social concern, it is perhaps not vital to this discussion that this determination be made. It is probable that both factors have been instrumental in bringing about what may be called the 'new look' in large corporate perspective
and appearance; and regardless, in either instance, the result will be essentially the same. That is, it serves to bring the perceived work environment and the non-work environment, as well as the roles individuals perceive themselves as playing in these respective environments, more in alignment; this on the basis of a common direction, that being the survival of the firm as an entity or simply as a tool.

Just as the process of maturing seemingly altered the perspective and the appearance of the large scale business organization, so also did a similar maturing process alter the sentiments of those people in our free enterprise society. Generally they still fear and resist anything or anyone threatening their so-called democratic processes and inalienable rights to individual freedom and choice. However, in our society, people in general have attained higher levels of development and awareness, both economically and socially. The people as a whole or in various interest groups have stood their grounds on numerable occasions, in many areas of potential oppression, against massive business organizations which must be both stimulated to preserve democracy, free enterprise, and the high standards of living to which an increasing proportion of the populus have become accustomed, and controlled for the same reasons. Certain mechanisms, if they can be called that, resulted directly or indirectly out of these confrontations. These ideally provide some means of control over the large scale business sector and its composite units so that maximum benefits may be reaped for the maximum number of individuals in the whole of society from these economic concentrations. The existence of these mechanisms, as well as the capacity for and an already deeper understanding by people in general of the large scale business organization--its strengths, weaknesses, benefits, and
disadvantages, have facilitated the perception by a large proportion of the overall populus of a sort of multiple partnership, directly and indirectly between the artificial entities within the business or goods and services producing sector of our society, and the individuals in our society, both in their roles within and without the work environment.

The various aspects of partnership through which the general populus in a democratic free enterprise society may participate in and influence the large scale business are: (1) the government elected by the people; (2) regulatory bodies appointed by the elected government; (3) the labor unions and other similar groups composed of the people; (4) the schools of business and professional associations which teach and influence, respectively, significant numbers of strategically located individuals employed in managerial capacities by these large organizations; (5) shareholders who own the organizations; people who do not necessarily manage, but who nevertheless retain ultimate control of the organization; (6) all the various educational institutions which instill the collected knowledge of the past, present, and future, thereby developing—or at least partially shaping the perspective and behavior of those individuals or will be in the future members of the labor force; and (7) the consumers of the products of these organizations; people who collectively form the markets to which the organizations must appeal in their efforts to satisfy and control demand. All of these groups are in a sense partners in the massive organizations which have appeared in the emerging industrial state. As a consequence, the large business organization becomes a mechanism in itself; providing some semblance of order to the barrage of concepts, theories, points of view, and desires, be they economic, social, religious, or political, which flow from the various sectors
in our world of ideas as represented by the forementioned mechanisms making the multiple influences of the people manifest in the large business organization and demanding that their desires and beliefs be reflected in the standards, values, objectives, and methods of operation of these organizations. In our pluralistic society: (A) acceptance of the paradox that freedom is limited without order; (B) a manner of faith by the general populus in the adequacy of, and a constant updating of the mechanisms by which they combat any monolithic or coercive tendencies of the vast business complexes to which they are increasingly exposed and through which they gain individual or group expression within these organizations; and, (C) acceptance by the large business organizations of the fact that to survive they must yield to and balance the multiple influences from their many 'partners' and acknowledge the existence of and the necessity for the mechanisms which a free and democratic society requires to insure that there is not order without freedom; serve to bring about a sort of cohesiveness which lessens the belief in the proposition that an individual assumes a different identity in the work and non-work environments and that more particularly the work environment of the large organization must necessarily destroy the individualistic manifestations of identity in those individuals which it employs. The large scale business organization is not an entity in itself; due primarily to the fact that we live in a market economy, the business organization is what the people deem that it should be. In the long run it cannot consume the identity of the individual unless the individual, or society as a whole, decides that individual expression or identity is no longer desirable and therefore in a sense choose to consume their own identities as differentiated individuals.
To summarize this section on identity—it would seem that the ability to assert individualistic tendencies in the workplace are closely related to productivity in the workplace. The business organization as an efficient productive unit both economically and socially cannot afford to impair its efficiency by allowing unproductive individualism to manifest themselves in the organization. However, it also cannot afford to alienate productive individuals by refusing them the freedom on which their productivity is based thereby floundering because the mediocrity which is sure to be theirs if they do alienate these individuals has no place in an economy characterized by an increasing tempo of growth and change. As a result of this fact, one is treading precariously on the brink of nonsense in condemning large business organizations on the basis of destructiveness of operating forms to individualistic behavior. It is a filtering process and not a consuming process to which individual behavior is exposed in large business organizations, and without this filtering process it is unlikely that the productivity of the economy can be maintained or grow at a level or rate, respectively, adequate to support the increasing numbers of individuals who are or will be unproductive from an economic standpoint for increasing proportions of their lives but who still will desire to maintain the relatively high standards of living to which they became accustomed while they were productive.
II. BEHAVIORAL CHARACTERISTICS OF
THE ORGANIZATIONAL ENTREPRENEUR

In chapter II of this thesis the traditional independent entrepreneur was examined from a number of viewpoints, the primary ones being: the functions he performed, his behavior characteristics, and his background. In an effort to find some meaning in the term 'entrepreneur,' a number of definitions were presented. However, in the final analysis it was evident that the entrepreneur was best viewed not merely as that individual who was successful in establishing a business, but rather as one demonstrating a mode of behavior or certain attitudes which were predominantly manifest in those individuals who were successful in building going concerns in the business environment.

If any one word was to be chosen to summarize or describe the mode of behavior and attitude mentioned above, it would be "individualistic." In one sense the entrepreneurial quest may be seen as 'kinetic individualism' in the business sector of society, although as demonstrated in chapter II, successful entrepreneurship often entails compromising one's individualistic tendencies in the short run to attain satisfaction of one's individualistic needs in the final analysis. The first section of this chapter rendered an examination and explanation of certain characteristics of large scale business organizations; characteristics which many people fear are not conducive to the existence of conditions and forces which would allow the perpetuation of kinetic individualism. This section constituted the first step in providing a perspective of the large scale business environment which would facilitate the understanding of not only the survival but also the propagation of the entrepreneurial
type in this environment.

It is readily obvious that if an individual is employed in an organization that he did not initiate, then he cannot by definition be regarded as an independent entrepreneur from the traditional viewpoint as described in chapter II. It follows then, that the so-called 'entrepreneur' per se will not appear in the large scale business organization. However, this does not mean that the individual falling into the more flexible and therefore useful classification of 'entrepreneurial type' will not appear and flourish in the emerging large scale industrial business climate. The individual whose behavior is the focal point of this treatise is a mutated entrepreneur; he is an organization man who exhibits what may properly be regarded as entrepreneurial behavior. That is, he is an 'organizational entrepreneur.' This section is designed to delineate the behavior of what will appear as an entrepreneurial type found in large business organizations. It integrates the so-called entrepreneurial behavior and attitudes established in chapter II with the large scale business environment portrayed in the first section of chapter III, and illustrates the evolution which has occurred in the new organizational entrepreneur from his traditional independent entrepreneurial forbearers. Hopefully what will emerge from this section in particular is a basis for a broader and more useful perspective of the entrepreneur, or moreover, the entrepreneurial type. To facilitate comparison between the traditional independent entrepreneur described in chapter II and the organizational entrepreneur to be described in this section, this section will employ approximately the same outline as used in the previous chapter to examine the relevant behavioral characteristics of the traditional independent entrepreneur. It is also intended that this
approach reveal as clearly as possible that not only are the entre-
preneurial type's individualistic tendencies not destroyed by the large
corporate environment, but that it is the mature consideration and mani-
festation of these same tendencies which allow this individual to glean
satisfaction and achieve as an individual in the large organization.

Before examining the organizational entrepreneur it is important
that a basic understanding of the type and content of the tasks and
functions of this individual in the business organization be established.
Generally, his function is that of providing 'entrepreneurial services.'
Penrose describes entrepreneurial services as, "those contributions to
the operations of the firm which relate to the introduction and acceptance
on behalf of the firm of new ideas, particularly with respect to products,
location, and significant changes in technology, to the acquisition of
new managerial personnel, to fundamental changes in the administrative
organization of the firm, to the raising of capital, and to making plans
for expansion, including the choice of method of expansion." This quote
gives a limited perspective of entrepreneurial services, but is by no
means complete due to the changing nature of the business environment.
For instance, these services are contrasted with 'managerial services,'
which relate to the execution of entrepreneurial ideas and proposals and
to the supervision of existing operations. However, the validity of
this contrast may be becoming increasingly meaningless. In a business
environment characterized by sophisticated, complex, and rapidly changing
market structures, and a multiplicity of influences emanating from the
internal and external environment of the firm, the managerial function
becomes one of integration of the old with the new; a task which involves
change to such a degree that even it can easily be seen as the
entrepreneurial execution of managerial services. However, the question of what is new and what is not, is not a question which must be dealt with here. The point which is relevant to the understanding of the position of the organizational entrepreneur is that the tasks and functions which he performs are significant to the firm and its survival. They demand responsible decision-making, and they require extraordinary ability in the individual performing them. The realization of this fact will facilitate to some extent the understanding of the perspective, attitudes, and behavior of the organizational entrepreneur which will be expanded upon in the material that is to follow.

Risk

The organizational entrepreneur is not customarily regarded as a risk-taker due to the nature of his activity and his position in the business environment, with particular reference to any title which he may have to the resources with which he works. Since the organizational entrepreneur is in essence an employee of a business organization which is owned and/or controlled by persons other than himself, then the resources with which he works, other than his own personal attributes, and which may be forfeit as the result of an incorrect decision on his part, are likewise not his own as far as title is concerned. Therefore, from this one viewpoint, since the organizational entrepreneur does not bear the risk of capital loss as the result of any incorrect decisions which he may make, then he cannot be a risk-taker. However, this proposition must be qualified. Firstly, since in this treatise the major concern is with the affect that risk perception has on individual behavior, then the presence of actual risk may not necessarily be relevant, because it
is the perceived risk, real or otherwise, which has the influence on
the individual. Secondly, as was proposed in chapter II, potential
material loss need not be the criterion by which an individual judges his
exposure to risk.

The organizational entrepreneur is first and foremost a decision-
maker. What is more, he has and demands the responsibility for those
decisions in the organization. In the performance of his function he
is subject to the same uncertainties as is the traditional independent
entrepreneur; perhaps even more so due to the scale of business in which
he makes his decisions. He is basically an ego-centric individual and
is thus concerned primarily with himself and his achievement. He makes
all his decisions with due consideration to how the various implications
of that decision will affect his position in the organization, realizing
that his position in the organization is directly related (ideally) to
how his decision affects the achievement by the firm of its goals and that
his position and performance in the firm is directly related to his
ability to employ the organization in his quest to attain personal satis-
faction in a form determined by his individual motivating influence. It
is proposed, therefore, that the organizational entrepreneur does perceive
himself as being in a risk-bearing position, but that this position and
subsequently his decision-making ability is not affected by the mere fact
that he is not the owner of the risked material resources. The question
is therefore: What does the organizational entrepreneur perceive as
being at stake when he makes a decision, the regard for which would cause
him to perceive the presence of risk and see himself as a risk-taker?
The answer to this question lies not only in the man himself, but also in
his regard for the organization.
The organizational entrepreneur, like the traditional independent entrepreneur, attains satisfaction primarily through achieving. As a result of this desire to achieve, the organizational entrepreneur has an affinity to competition. His pragmatic nature makes him very result oriented, and the chance to achieve a 'real win,' or in other words, to accomplish on the basis of visible differences in performance, ipso facto means greater challenge and a chance to derive greater satisfaction of his achievement needs. The value of the large business organization to the organizational entrepreneur is directly related to its use as a competitive device. He perceives an exposure to a two-fold competition through his relationship with the large organization. Firstly, he perceives that the firm in which he is employed and to which he is making a meaningful contribution is competing in an external environment in which it must achieve; producing a differential advantage to survive. Secondly, he perceives himself as competing with his colleagues in the firm's 'survival of the achiever' environment. He accepts and thrives on both competitive aspects of this corporate environment and the constant demands for better performance which are inherent in it. Since as was proposed in chapter II the entrepreneurial type is motivated by an inner desire to achieve along an open-ended goal continuum, the presence and perception of an expectant atmosphere in the firm serves to accentuate the competitive drive of the organizational entrepreneur because:

(1) it brings the arena where the competition takes place and where the rewards for winning are presented even closer than if the individual was in business for himself; and

(2) it is one aspect of the very important compounding of competitive arenas which he perceives, because as a decision-maker in a
responsible position not only is he an integral part of the entire firm's competition with other firms but he is also competing for recognition and advancement with other aspiring decision-makers.

There is one other factor influencing the organizational entrepreneur's valuation of the large scale business organization. This factor relates to the very size of the firm and the vastness of its undertakings. Guzzardi\textsuperscript{33} found in his studies of the young executive that many of those individuals at the management level who felt that they could be successful in a business of their own did not endeavor to make this move because they would have to decrease their scale of operations. They placed a high value on the opportunity to work with the vast resources of the large organization because not only did they derive greater satisfaction from manipulating these resources but they also appreciated the assistance that they were rendered in their development process by these resources, particularly the human element.

As a result of what has been stated in the above paragraphs, it is a logical proposition that in making a decision with respect to some aspect of the firm's operations, the organizational entrepreneur does perceive himself as being exposed to probable loss of something of value, or in other words, risk. These risks arise out of the ability of the individual to continue to use the corporation or firm as a vehicle to satisfy his achievement or actualization needs. Everytime he makes a decision which can be traced to him, he runs the risk of being wrong and incurring the wrath of the powers that be in the organization. While a mistake may not lead to dismissal and the complete loss of the vehicle, it most certainly will hinder him in his competitive struggle for more challenge, responsibility, authority, financial remuneration or other
means of development and/or recognition in the large corporate system. This risk is very real to the organizational entrepreneur and so even though he may have no capital at stake in the venture, there is still a consequence of his decisions; a consequence which if influential in hindering his decisiveness could qualify him as a risk avertor, and which if not influential in his decisions could qualify him as a risk-taker in the eyes of someone analyzing his decision methodology. Therefore, the question to be dealt with at this point is that: Given that there is a potential source of risk for the organizational entrepreneur as a decision-maker in an employee relationship within a firm, will he be a risk-taker or a risk-avertor?

Studies by Guzzardi indicate that the individual who is here designated as an organizational entrepreneur, will be a risk-taker. That is, he is willing under most circumstances to take a 50-50 chance of being correct in his decision. The reasons that the organizational entrepreneur is a risk-taker are two-fold and are essentially the same as those which were proposed as an explanation for the risk-taking attitude of the traditional independent entrepreneur. They are: (1) self-confidence; and (2) the desire to achieve.

The organizational entrepreneur approaches his tasks with the attitude that he can perform in the competitive arena as good if not better than anyone else. Furthermore, he has confidence that his abilities and his application of those abilities will make a difference in the outcome of the task which he is performing. However, unlike the traditional independent entrepreneur, he does not primarily rely on or base his self-confidence on his own feeling of intuition and judgment. Pragmatism is his guiding philosophy and even his feelings of confidence have a very
strong practical side. He realizes that scientific and technical analysis as well as knowledge are replacing the old 'gut feel' as a means of making decisions in a business enterprise. Under the influence of this belief he is constantly striving to learn, he goes to whatever length possible to gather facts relevant to the task at hand, and right or wrong he subjects his experiences, his decision making processes, and all considerata to analytical evaluation. He uses whatever resources are at his command, including those people who surround him in the organization. He is confident in the ability of these resources to assist him in his tasks, confident in his own ability to use these resources, and competent in his use of them. All of these factors contribute to the extreme self-confidence that the organizational entrepreneur has in himself and the system of which he is a part. As a result of the above attitudes and behavior, the organizational entrepreneur perceives the presence of risk in a somewhat mitigated light and may only acknowledge those elements of risk relating to the limitations of the facts he has gathered and applied in dealing with complex tasks and perhaps stochastic relationships.

The second factor affecting the organizational entrepreneur's perception of risk or more particularly his reaction to risk, is his desire to achieve or accomplish in his own eyes and in the eyes of others. In the competitive environment in which the firm operates and in the competitive arena of the firm itself, the organizational entrepreneur seeks to render a meaningful contribution to the attainment of a differential advantage by the firm in its competitive struggles and also seeks to favorably differentiate his own services or performance in his competition within the firm. As one General Electric psychologist put it, he seeks an 'opportunity for impact.' As a pragmatist he feels that to make this
impact he must be visibly productive, and as an executive he feels that his productivity is directly related to his ability to make a decision based on his analysis of whatever situation he is involved in. With respect to the actual making of the traceable decision, the executive is exposed to the possibility of making two alternative types of errors:

(1) he may make an error of omission. This is an error incurred by omitting to make a decision when a decision should have been made. This is an error typically made by the risk-avertor and as such is considered a possible cost of conservatism.

(2) He may make the error of comission. This is an error incurred either because a decision was made when one was not warranted on the basis of available information, or because an incorrect decision was made as the result of bad judgment. This is an error typically made by the risk-taker and as such is considered to be a possible cost of innovation.

The greater the probability of making an error of comission, the greater is the risk. The greater the risk, the greater will be the opportunity for the executive to make a traceable personal contribution, or in other words, an impact. Therefore, since the organizational entrepreneur believes that he cannot advance or achieve without making an impact in his working environment, and since he also believes that no impact of any significance can be made unless a decision is made involving the risk of making an incorrect decision, the individual with this attitude and outlook will make a decision. In doing so he demonstrates that he would rather assume the risk concerning his status and achievement within the organization as related to the probability that the decision made was incorrect (chancing an error of comission), than definitely not achieve anything
but still endanger his status because he omitted to make a decision which should have been made (chancing an error of omission). As stated previously, this attitude is directly related to his extreme confidence in his ability to make a correct decision, as is the risk-taking attitude of the traditional independent entrepreneur. However, unlike the traditional independent entrepreneur, he only allows this confidence to supplement and not replace or override rational analysis and evaluation. He will expend every effort to hedge the risk involved because his decisions, regardless of whether they are good or bad, may be subject to scrutiny by his superiors at any time in his decision making process. Unless there is a justifiable explanation for a good or bad decision, one cannot hope to receive recognition or rewards in the large corporate environment. Luck is not really an accomplishment in the emerging industrial environment of big business because its reoccurrence is also fortuitous. As a result, unless the organizational entrepreneur can gather enough data to at least render a 50-50 chance of success, it is unlikely that he will make a decision to proceed solely on his intuition. He is a risk-taker but not a fool. Facts and experience are the tools of his trade; he respects them and has confidence in them.

As a summary to this section a few points should be noted:

(1) The quality of being a risk-taker, or in other words the ability to be decisive under conditions of uncertainty, is an attribute of the organizational entrepreneur which forms a substantial part of his value to the enterprising large scale organization. The fact that the confidence which is at the root of this quality is arrived at objectively by this individual, increases his worth over that of the traditional independent entrepreneur whose
confidence is often intuitive, because it increases the probability that the risks involved have been investigated and hedged to an appropriate degree thereby decreasing the chance that the resources under the control of this individual will be wastefully applied. This naturally decreases the inefficiency which results from errors made as a nation progresses through innovation and change.

Unlike the traditional independent entrepreneur, the organizational entrepreneur does evaluate risk objectively and realistically in the eyes of a competent observer. Although his perception of risk is somewhat altered by his self-confidence and desire to avoid the results of inaction, it is necessarily coupled with a demonstrated competence in risk evaluation and the employment of his abilities and experiences. If the organizational entrepreneur is to maintain his position in the organization wherein he has decision-making powers and thus the opportunity for impact, he must also inspire confidence in those who have ultimate or interim control of the resources of the firm. He may do this in two general ways. Firstly he may be consistently correct in his decisions. Secondly, he may justify his decisions not on the basis of intuition and blind faith, but rather on the basis of competent and exhaustive evaluation of meaningful variables. In this latter instance, although he may not make the correct decision, he may receive partial recognition for at least a justifiable or understandable decision arrived at logically through a process of some acknowledgeable merit. In an analagous sense the organizational entrepreneur can be seen as forging ahead, not burning the bridges behind him, and carefully evaluating every crossing before it is
made. He has the confidence that his own skills and efforts can make a difference in the outcome, but he also applies this skill and effort at the evaluation stages of his task, making every effort to insure that he doesn't enter unwisely into situations which put unwarranted strain on his willingness to devote his time and effort to making some project a success when the undertaking of the project was really the result of an unwise decision or poor evaluation.

Energy

Like the traditional independent entrepreneur whose behavior was examined in chapter II, the organizational entrepreneur also possesses a quality, here designated as 'energy,' which manifests itself in demonstrations of relentless determination, an unshakeable disposition to diligent application of effort in his work, and unyielding perseverance in his attitude to advance and achieve under any and all circumstances regardless of the demands such advancement may make for the expenditure of time and effort and regardless also of the success already achieved. The energy factor is particularly difficult to understand in the instance of the organizational entrepreneur, because unlike the traditional independent entrepreneur who is in business for himself, the organizational entrepreneur in his role as an employee does not appear to be in a direct reward situation. That is, on the surface it appears as if the employer receives the direct rewards of the efforts expended and the employee (the organizational entrepreneur) the indirect rewards. Therefore, the question is: What motivates the organizational entrepreneur to perform with such vigor under the above circumstances? The answer to
this question lies in understanding the individual himself and his perception of his interaction with the environment of the large scale business organization.

As proposed in chapter II, the entrepreneurial type is possessed by a consuming desire to accomplish, and attains satisfaction in the workplace through constant and consistent achievement along an open-ended goal continuum. In the instance of the organizational entrepreneur, this desire usually manifests itself in a quest for promotion which Guzzardi found was regarded as both a sign of accomplishment and recognition. He is extremely self-confident and believes that there is a direct relationship between his efforts and skill and both the outcome of the tasks which he undertakes and his achievement along his goal continuum. In addition, the organizational entrepreneur is an ego-centric, even to the extent that he has his own internal set of standards by which he gauges his advancement and his work output. In fact, due to his high opinion of himself and his potential, these standards are often higher than those which he would normally be required to meet. Therefore, to the observer he may appear to be over-critical and demanding of himself and/or may appear to overwork. However, to the organizational entrepreneur, working any less or to any lower standard would mean self-denial with respect to his own self-actualization for which he feels totally responsible.

A basis to the preceding attitude can be found in considering, (1) the influence of the protestant ethic, and (2) the influence of the competitive environment of the large scale business organization and what was previously designated in this treatise as 'entrepreneurial identification.' It is readily obvious that energy in the sense that it is used here is a natural manifestation of the influence of the protestant
ethic and for this reason it requires little more discussion than has already been afforded it throughout this thesis. However, energy as a result of 'entrepreneurial identification' is a somewhat deeper and more complex proposition to comprehend. Generally, it can be viewed as another aspect of the organizational entrepreneur's preoccupation with 'mobility.'

In chapter II it was proposed that the traditional independent entrepreneur was self-motivated by the dynamics of his progress along an open-ended goal continuum. It was further suggested that the combined influence of the preceding motivation factor, the entrepreneur's individualistic tendencies, and his personal elevated level of long range expectations, caused him to identify with those individuals who had attained the level of entrepreneurial development where a definite dynamic was still readily observable in the process. The degree to which he identified with these individuals and to which his perception of their activities influenced his behavior, was directly related to the rapidity of their movement along an achievement continuum in those areas of consideration that the traditional entrepreneur deemed relevant to his own circumstances. In other words, even though the sense of identification was based merely on the traditional entrepreneur seeing what he wanted to see or expected to see, this perception did influence his standard of energy output to a considerable degree.

The organizational entrepreneur is similarly inclined to identify and be influenced in the above manner. In a study done by Professor Eugene Jennings, a profile of a type of organization member (managerial) was developed. This individual was designated as a 'mobicentric' and was in many respects similar to the organizational entrepreneur described in this treatise. For instance, Jennings found that the forementioned
manager "refers himself psychologically to people several levels above him who were fast climbers and tends to be somewhat aloof with superiors who are slow climbers." This is indicative of behavior which is to be expected of the organizational entrepreneur as he has been described thus far, in that (1) he is vitally concerned with upward mobility, (2) he seeks greater opportunity for impact, more authority, greater responsibility, and increased rewards, and (3) he possesses high, driving, long range expectations. It is important to note that the identification is not with a superior level per se, but rather with the dynamic of a superior level. In a sense, it can be seen as an 'aspirational dynamic' as well as an identification with a behavioral mode. In either case, as a result of this identification the organizational entrepreneur puts forth the 'energy' that he expects, (1) will afford him the authority and responsibility which he deems is necessary for the propagation of his impact capacity, (2) will both justify and allow him to take full advantage of the authority and responsibility already afforded him, and (3) will provide him with a basis on which to establish an affinity with his 'aspirational dynamic' or identification behavioral group.

A further query with regard to the energy factor in the behavior of the organizational entrepreneur concerns the question of his diligent and persevering approach to his tasks while in the employ of an organization from which so many others receive the apparent benefits of his efforts. It was explained in chapter II that the traditional independent entrepreneur expends his efforts to the maximum extent of which he is capable because he thinks primarily in terms of himself and more particularly in terms of how his self-actualization will suffer or progress as the direct result of his efforts and skill. In this instance, the above
attitude was easier to understand because he was self-employed and, therefore, if his business was a success then so was he. However, in the instance of the organizational entrepreneur this type of direct relationship is more difficult to establish because appearances and fact would indicate that there is no direct relationship of this type.

In spite of appearances and facts with respect to the realities of the relationship of the organizational entrepreneur and the business organization, the explanation for the energy output of this individual is still related to self-considerations. It is important to realize that it is the organizational entrepreneur's perception of his relationship with the organization which determines his behavior and this perception may be entirely different than that of an observer of his situation. As a case in point, consider the proposition that the organizational entrepreneur does not in any way feel that his position in the business organization is one of subservience, in spite of the fact that he works for it and receives his rewards from it. He does assent to its fundamental purpose to the extent that such assent suits his needs. However, he views the organization as a tool or vehicle which he employs to his own ends. The expenditure of energy is one of the mechanisms by which he takes full advantage of the organization, or moreover, what it can contribute to his personal fulfillment. His relationship with the organization is one of mutual benefaction, with each entity using the other to its own best advantage. Only the highly developed transactional mode which comes with entrepreneurial maturity allows the organizational entrepreneur to thrive as an individual in this type of a relationship.

The organizational entrepreneur is an independent individual striving for his own self-actualization. Furthermore, he feels that
this self-actualization rests squarely on his own shoulders and depends, therefore, on the application of his own effort and skill and his ability to assert his own individualism in his work environment. In the large scale business organization he is naturally faced with the problem of overcoming resistance to his individualism based on the question of the merit of allowing this individualism to manifest itself in an organization which depends for its strength and survival on unity and common endeavor. He realizes that his only hope to bring about and sustain his opportunities for individual action and the attainment and progression of his 'aspirational dynamic,' is to prove successful for the organization thereby establishing his personal worth as an individual to the organization as a whole. It is here that he encounters a vicious circle, because in most cases to be recognizably successful in the business organization an individual must have attained a state of dynamism where he is able to make the impact which he desires so that he may progress toward his 'aspirational dynamic.' The application of energy is in essence a 'dynamic accelerator' which can be self-given and as such is not a point on the forementioned circle. It contributes to progress around the circle but acts as sort of an outside force. On the other hand, others-given dynamic accelerators' such as authority and responsibility are withheld as points of progress in the vicious circle of organizational advancement. The expenditure of energy is the one 'dynamic accelerator' which is not discretionary on anyone's part except the organizational entrepreneur.

There are other factors which determine the energy output of the organizational entrepreneur. These factors may be regarded as working conditions demanded by the organizational entrepreneur for his development and services. Specifically, these factors are challenging
opportunities, responsibility, control, and feedback. These factors are vital to the development of the entrepreneurial type in the large business organization and will therefore be discussed in the following section.

Responsibility, Control and Feedback

There are certain attributes of the organizational situation which must necessarily be present to both attract the organizational entrepreneur to the firm and stimulate his energies during the employment period. As explained in previous sections, the organizational entrepreneur is most vitally concerned with his own personal development and achievement. In his work environment he relates the forementioned achievement directly to his opportunity to make an impact or the attainment of his 'aspirational dynamic.' The ability to make the desired impact is determined by both the existence of a challenge (a risk bearing situation) and the possession by the organizational entrepreneur of means in the organization with which to be effective in meeting the forementioned challenge and benefit from a successful encounter. These means shall be designated here as 'dynamic accelerators.' They may be self-given to a situation as in the instance of energy, skill or knowledge, or else they may be others-given as in the instance of responsibility, control or authority, and autonomy. As will be seen in Exhibit III-A and explained in the following paragraphs, the output of self-given dynamic accelerators by the organizational entrepreneur in the organizational situation is dependent on the presence of others-given dynamic accelerators.

In his studies of the young executive, Guzzardi found that the two prime desiderata in evaluating the organizational situation were
challenge and responsibility. This is understandable because the absence of either of these would definitely limit the opportunity for impact which is so important to the organizational entrepreneur because of his objective association of impact and progressive development in the business organization. Furthermore, the absence of either challenge or responsibility would alter the organizational entrepreneur's perception of risk with respect to the particular situation to such a great degree that it would destroy the perception of personal involvement which has its basis in the individual's expectations that his personal efforts and skills will make a decisive difference in the outcome of the challenging situation or task. This occurrence could in turn be expected to curtail the energy output which characterizes the organizational entrepreneur under ideal circumstances because this basically ego-centric individual cannot be expected to devote his energies to any situation which is not potentially satisfying from an impact or an achievement standpoint.

Before delineating the concept of dynamic acceleration further it is important to give consideration to one other variable in the organizational entrepreneur's valuation of his potential dynamism. This variable is control, or freedom to control. In one sense responsibility and control may be seen as dual variables in that one without the other is disfunctional as far as appealing to the entrepreneurial type in a given situation. Unlike the traditional independent entrepreneur, the organizational entrepreneur is not customarily the ultimate decision-maker in the organization. However, since he is essentially task oriented he does demand the freedom in particular instances to direct the efforts of his own ideas. In a large business organization an individual's impact in a job situation is partially determined by the
number of superior levels where an individual's decision is subject to
reversal. As a result of this fact and the organizational entrepreneur's
convictions and desire for impact, he demands as ultimate a decision-making
authority as may be afforded him subject to the functional limitations
of organizational unity. Furthermore, like the traditional independent
entrepreneur, he will terminate any relationship which proves or may
prove disappointing from a reward (money, promotion, etc.) or a job
quality (challenge, responsibility, control, etc.) standpoint. What has
been proposed above is not meant to suggest that the organizational entre­
preneur is independent and self-centred to the extent that he is inherently
disfunctional to an organization per se. The organization is his achieve­
ment vehicle and he is ever cognizant and considerate of the importance
of its welfare. In addition he is aware that if he is to do well by
himself from a reward and achievement standpoint then he must do well by
others from a satisfaction or mutual advantage standpoint. As simply
stated by Guzzardi, "through the dual and related processes of dissent
and decision, the young executive has found in the corporate milieu an
expression of his true individuality." However, responsibility, control,
and freedom are too closely associated with his personal achievement
capacity (as related to impact) to take a place of secondary concern in
his outlook. The organizational entrepreneur chances the consequences
of failure, expects the rewards of success, but demands the means with
which to make a traceable impact.

In Exhibit III-A the concept of organizational entrepreneurial
dynamic acceleration is diagrammatically represented. It is designed to
illustrate, (1) the relationship between others—given dynamic accelerators
and self-given dynamic accelerators, and (2) the influence of pre-performance
Basic Motivation
Dynamics of movement along open-ended goal continuum.

Satisfaction

Self Confidence

Organizational Situation
Presence of challenge and others given dynamic accelerators.

Performance Expectations
Plus
Reward - Performance Expectations
Plus
Value of Expected Reward to the Individual

Self-given Dynamic Accelerators
Output: energy, skill, knowledge

Feedback
Results of Efforts (reward or consequence)

Actual Performance

Exhibit III-A. Organizational Entrepreneurial Drive Acceleration.
expectations and satisfaction and the actual performance of the organizational entrepreneur. As indicated by the diagram, the drive acceleration cycle is basically related to the motivational drive of the organizational entrepreneur and is predicated on his self-confidence, determination, and expectations as to his self-realization both from the viewpoint of opportunity and need. The organizational entrepreneur is motivated by the anticipated dynamics of his movement along an open-ended goal continuum. As will be explained shortly, the specific goals become relevant to the acceleration cycle at that point where the implications of feedback and reward are considered. In view of his basic desire for achievement, the organizational entrepreneur seeks an organizational situation which has an achievement potential. He judges this achievement potential by the presence of others—given dynamic accelerators such as challenge, responsibility, control, relative autonomy, and objective feedback mechanisms. The presence of these accelerators determine the organizational entrepreneur's perception of the organizational situation with respect to: (1) the possibilities for situational impact, (2) the availability of means with which to take advantage of the aforementioned possibilities, and (3) the mechanisms through which achievement and the attainment of an aspirational dynamic in the organization serve to contribute to dynamism in his quest to advance along his personal goal continuum.

After careful scrutiny of the organizational situation the organizational entrepreneur will form an opinion, based on his own expectations and desires, concerning the adequacy of the others-given dynamic acceleration content of the organization in general and his possible situation in particular. If the organizational entrepreneur's opinion of the
organization is unfavorable with respect to the provision of others-given
dynamic accelerators to him in the situation under consideration, then
he will abandon or reject it. However, if his opinion is favorable
with respect to the provision by the organization of others-given
dynamic accelerators, then the following sequence of events is likely
to occur:

(1) The combined influence of the organizational entrepreneur's deter-
mination, self-confidence, and favorable impression of the organi-
zational situation as explained above, will result in an expectation
by him of successful performance in the organizational situation.

(2) Since the organizational entrepreneur is favorably impressed with
the organizational situation as a whole, and in as much as this
impression was arrived at after due consideration for the process
through which rewards are to be derived in the particular situation,
it is likely that in view of this individual's expectation of
successful performance in the situation should he decide to under-
take it, he fully expects the forementioned rewards to be forth-
coming and a matter of course.

(3) Since the organizational entrepreneur is favorably impressed with
the organizational situation as a whole, and in as much as this
impression was arrived at after due consideration of the particular
rewards which he expects will be forthcoming, it is likely that
the value of this particular reward to this particular individual
is of a positive nature and can be expected upon receipt to give
the individual in question satisfaction in terms of his personal
motivational fuel.

Subsequent to the development by the organizational entrepreneur of those
expectations delineated above, it is proposed here that this individual derives a sort of 'pre-performance satisfaction.' This satisfaction is of course not real in the sense that it is based on the actual receipt of rewards or actual movement along the individual's goal continuum. However, because of it, the organizational entrepreneur applies to the situation those dynamic accelerators over which he has control and which ipso facto make his expectations a reality.

In a study done by Lyman Porter and Edward Lawler of job performance and attitudes, it was found that managers ranking high in performance reported significantly greater job satisfaction than did low ranking managers. Furthermore, it was found that the greater satisfaction of the best performing managers could be traced to the greater opportunities given them to express autonomy and obtain self-realization. These findings lend support to the propositions set forward in this section in that they point out a significant relationship between the presence in a job situation of others-given dynamic accelerators and better job performance. Porter and Lawler could not find any difference in the type of extrinsic rewards promised or eventually given to the better performing managers, and thus it could be concluded that it was the perception by these managers of greater opportunity to receive rewards, and the greater appreciation of the anticipated rewards which made the difference in the performance of these individuals which would result not only in more rewards but also in even more opportunity to be top achievers in the organization.

Before leaving this section it is important that the final step in the cycle of drive acceleration be discussed in slightly more detail. This step is of course, feedback. As in the case of the traditional
independent entrepreneur, it is feedback which reaffirms the perception by the organizational entrepreneur of a direct relationship between his achievements for the enterprise (the success of the enterprise) and the attainment of his personal goals (advancement along an open-ended goal continuum). Feedback is at one and the same time, a measure of this individual's success or failure in his efforts for the organization, and a measure of his success or failure to receive from an organizational situation those results which satisfy his needs and desires. Unlike the traditional independent entrepreneur, the organizational entrepreneur trusts the corporate system to distribute just and appropriate rewards. However, as stated previously, if this trust is not fulfilled; that is to say, the rewards that are forthcoming are not appropriate or satisfying in the estimation of this organizational entrepreneur, then he will quit the organization. The entrepreneurial type in the large business organization uses the feedback to give himself some indication of (1) how he has achieved for the organization by its standards, and more particularly, (2) how he has achieved according to his own standards and expectations as well as (3) how his performance was judged relative to the performance of his colleagues. He is an ego-centric but he will work diligently for the organizational goals as long as the organization provides him with the tools over which it has control, and provides him with the feedback which he requires.

Commitment

The increasing trend toward greater mobility in management ranks in recent years can easily be interpreted as being indicative of weakening corporate loyalties or a decrease in the level of management commitment
to the business organization. Quoting from *Time Magazine*, "Dr. Edgar Schein of the M.I.T. Sloan School of Management estimates that companies lose half of their college graduates within the first three to five years of employment. Graduates of fifteen years ago often regarded a job, like a marriage, as being for life; today's young men are more inclined to equate it with an affair--good until something more fetching comes along." The preceding quote generally sums up the attitude toward commitment typical of the organizational entrepreneur as described by this thesis, and it is not coincidence that the attitude mentioned above is strongly reminiscent of the 'transactional mode of interpersonal relations' described in chapter II in the section on the commitment of the traditional independent entrepreneur.

In the preceding section it was shown that the organizational entrepreneur is vitally concerned with those aspects of his organizational situation determining his dynamic and opportunity for impact, as well as his ability to glean satisfaction of his own desires through his achievements for the organization. Furthermore, were it not for the fact that he would probably have to decrease his scale of operations, the organizational entrepreneur would in all likelihood be in business for himself. However, the fact remains that even though he is a freedom loving, individualistic, and generally ego-centric type of a person, he is by definition in the employ of a business organization which is not under his personal ownership control. In fact, in his study of the young executive, Guzzardi found that, "predominant in his ephemeral and shifting relationship with his company is his conviction that he can express himself as a free man through the organization." If this were not so, and the organization did not provide this entrepreneurial type individual
with the working environment which conformed to his formula for the
attainment of his aspirational dynamic, then he would either (A)
resist the restrictive elements wherever he could, (B) leave the
organization for another more suitable to his demands and expectations,
or (C) start his own business. In order for the organizational entre­
preneur to function as the dynamic individual which he is potentially,
and in order to perpetuate the output of self-given dynamic accelerators
which is in fact his greatest asset, it is necessary that the organization
come up to his standards concerning his expectations of the conditions
which he requires to attain his aspirational dynamic. If these standards
are not met and his expectations are disappointed, then upon detection,
he will sever this or any relationship which frustrates his dynamic.
Just as with the traditional independent entrepreneur, the only hold
any relationship has on the organizational entrepreneur are those elements
of the relationship which are perceived by him as contributing to his
advancement along his open-ended goal continuum.

It should be evident at this point that the organizational entre­
preneur has a matured grasp of what was designated in chapter II as the
'transactional mode of interpersonal relations.' In fact it is even
possible that this mode of behavior is learned even deeper by the organi­
zational entrepreneur than it was by the traditional independent entre­
preneur. He perceives the business organization as a vehicle; a combina­
tion of resources which he may employ to his own advantage. He is ever
cognizant of the fact that the organization may possess characteristics
which may consume his individualistic tendencies to any degree which he
allows. It is easy to assert that an individual need not submit to the
collectivizing forces present in the large organization. However, the
fact remains that most will submit because it gives them a security which
is unattainable elsewhere. It takes an exceptional man to withstand
the onslaught of these forces and the organizational entrepreneur is such
a man. He is a tried and true practitioner of the 'transactional mode
of interpersonal relations.' In the business environment no relationship
carried the obligation for continuing commitment and only relationships
which are mutually beneficial are to be entered into at all. He is
concerned with his dynamic and he is concerned with his mobility. In
view of this concern, he devotes his utmost energies to a relationship
in which the condition of mutual benefit prevails, but he easily severs
any relationship containing elements which frustrate either his dynamic,
his mobility, or more generally his advancement along his personal goal
continuum. It is in the above manner that the organizational entrepreneur
approaches his relationship with the large business organization. To
quote variously from Guzzardi concerning the young executive and his
relationship with the business organization, "Their loyalty they keep
largely for themselves. But they are able to do this and still give a
very large segment of themselves to their company... While they are in
a company's employ, they assent to its fundamental purposes and its
objectives. That assent, however, is far different from the dependence
and submission that in the past has been popularized as typical. The
terrible temper of these men—their angry kind of confidence, their
relentless insistence on their own capacities, their unremitting shove
toward achievement—makes subservience impossible... In return for that
segment of themselves that they give the young executives demand a lot.
Their allegiance to their company is curious, complex, and conditional...
When they are disappointed in their expectations of the way they should
be rewarded—with money and, more important to them, with "more challenge
and more responsibility"—they terminate their relations with their
company quickly and finally."51 As can be readily derived from the above
quotes for comparison with the proposals set forth in chapter II with
regard to the attitude of the traditional independent entrepreneur toward
commitment, the entrepreneurial type in the large organization, which
according to this thesis is what Guzzardi is really describing, is every
bit as kinetically individualistic as the independent entrepreneur. In
fact, by not only surviving, but thriving in the potentially consuming
environment of the large scale business organization, the organizational
entrepreneur demonstrates an even greater mastery of the 'transactional
mode of interpersonal relations' than the independent entrepreneur who
may have chosen not to face this challenge.

It is not to be assumed that the organizational entrepreneur
must at all times have every detail of a situation just as his perception
of an ideal relationship would dictate, and that if this is not the case
he will with reckless abandon terminate this relationship. On the con­
trary, he approaches his use of the organization as a vehicle, responsibly,
rationally and objectively; just as he would any other business problem.
He considers that an important part of his use of the organization is his
employment of its resources to educate himself and further his business
acumen. In some instances, therefore, he may have to accept a temporarily
non-dynamic learning status in the organization. This he may do willingly
realizing that even though to the observer it may appear to be back-stepping
in terms of his present dynamic, it is productive or progressive in terms
of his organizational impact and the attainment of his open-ended goals
in the long run. The observation of this individual maintaining this
learning status in an organization may easily result in his being branded as a so-called 'organization man.' However, it is a very difficult proposition to accept that because a person uses the full facilities of his vehicle (the organization) to increase his quality as a human asset within or without the organization, that he is securely committed to this vehicle. In fact as will become more evident in the section on 'mobility' the fact that the organizational entrepreneur has the ability to use his vehicle to the fullest increases rather than decreases his commitment indirectly, because it increases his mobility.

It may be thought that the lack of commitment on the part of the organizational entrepreneur and the ease with which he may 'move on' may be destructive to an organization in that he would not put up with the typical decision making mechanisms in the average organization. This is not necessarily so. Objective processes of dissent and decision-making in an organization serve to provide the organization with a functional tenseness. Combined with high achievement or performance demands, this tenseness serves to stimulate the drive of the entrepreneurial type. The competition is made keener and the rewards are, therefore, potentially more satisfying when they are attained. In addition, they are played for with rules or demands for performance which he understands. From his viewpoint it furthers his opportunity for impact and the satisfaction therefrom. As a pragmatist he strives for objective results and meaningful differences in performance. A tense organization theoretically appreciates these same standards. The organizational entrepreneur bases his demands for 'dynamic accelerators and other rewards on demonstrated worth and competent performance. In the organizational environment he competes for these accelerators and other rewards. Therefore, a tense competition
and a strong hold on these tools and rewards is not only acceptable to the organizational entrepreneur but it serves to stimulate his drive for their acquisition. However, when he does prove his worth, he demands that the organization loosen up to the extent that they provide him with a few strings to pull in the tightly bound organization and follow through with feedback in the desired form. If they do not, they will have disappointed and subsequently lost one organizational entrepreneur.

Organizational Entrepreneurial Motives

Although at this point it is obvious that the motives of the organizational entrepreneur will be closely aligned with the motives of the traditional independent entrepreneur as described in chapter II, it would perhaps be advantageous to deal particularly with the motives of this entrepreneurial type individual. The organizational entrepreneur has been presented as being:

(1) a fiercely competitive individual;

(2) a self-confident individual who places a high premium on the contribution that his skill and effort will make to the success of his undertakings;

(3) an individual who after full evaluation of a situation from the point of view of others-given dynamic accelerators and rewards, applies himself (self-given dynamic accelerators) wholeheartedly to the situation because in view of his evaluation criteria, to do otherwise would be self-deprivation with regard to his personal actualization. 52

In view of these personal characteristics it is to be expected that this individual would value rewards or feedback such as, promotion, money,
authority, status, recognition, responsibility, challenge, etc., because of their significance as a relative measurement device between his achievement and that of his colleagues. In fact, this was exactly what Guzzardi found in his study.  

It is difficult to say exactly what rewards or feedback devices have the greatest influence on the behavior of the organizational entrepreneur because of their basic interdependency, or at least the expectations of their interdependency. For instance, it is logical that the managerial employee in an organization can expect increased financial remuneration from a promotion. Greater status can be expected to accompany the promotion, and possibly even the things that the increased wealth can buy may afford the individual more status outside the organization. Any reward given is of course a symbol of recognition, and certainly recognition in the form of more authority, more responsibility, and greater challenge illustrates how interdependence arises out of functional necessity. These rewards are not motivators, but in that they are a measure of achievement, they act as stimuli. It is the desire to achieve which motivates the organizational entrepreneur. It is the desire to advance along an open-ended goal continuum which makes the organizational entrepreneur want to perform.

It should not be inferred from what was proposed above that the particular stimuli are not important to the performance of the entrepreneurial type in the organizational situation. On the contrary, they are very instrumental in perpetuating his perseverance, diligence, and loyalty. The organizational entrepreneur's goal continuum is an achievement continuum but the increments on this continuum are set not
only in terms of achievement but rather achievement in a particular form(s). For instance, it may be money-achievement, power-achievement, status-achievement, etc. The organizational entrepreneur is a self-actualizing man and thus by definition he desires to become actualized in what he feels he can or must be potentially. An individual cannot be achievement per se. He can however, be rich, powerful, high status-wise, etc. For this reason the stimuli are important, and if the organization desires to perpetuate the efforts and performance of the organizational entrepreneur, they should expend every effort themselves to find out what particular stimuli is important to the individual in question. As noted in the section on responsibility, control and feedback, certain stimuli (others-given dynamic accelerators) must be necessarily provided to make the organizational entrepreneur feel that he can achieve or that he has the tools to achieve for the company. In addition, certain stimuli (rewards and other feedback) must be necessarily provided so that the organizational entrepreneur feels that he has personally achieved in terms of his own goals from his achievements for the organization. It is up to the company to provide these stimuli, both in the correct terms and in the correct amounts.55

As in the instance of the traditional independent entrepreneur, the motivating force (desire to achieve) behind the performance of the organizational entrepreneur is something that cannot be artificially created in an individual by the organization. While it is easy to confuse the offering of incentives to individuals, thereby making them perform better or achieve more for the organization, with the creation of the desire to achieve; in reality it is not. The need to achieve in the organizational entrepreneur is a product of his formative years, although
there is some question as to whether these formative years are ever ended. This need may be nurtured but not created. This need in its true form makes an individual perform to his utmost not because of incentives, but rather under certain conditions. The achievement motivated person, and more particularly the organizational entrepreneur, once having established the conditions under which he feels his performance is warranted, will perform in one way; to his optimum capability. In this sense, the rewards and feedback which were formerly presented as stimuli are in essence not only stimuli, but also justifiers with respect to the individual's original decision to perform.

Achievement is a dynamic concept. It connotes movement. The desire to achieve causes movement. Actual achievement results in movement with regard to advancement along a goal continuum. In addition, achievement for the organizational entrepreneur gives him the ability to move. It gives him mobility. In the following section the organizational entrepreneur will be looked at from the viewpoint of the concept of 'mobility.'

Mobility

Mobility may be defined as, "the readiness or ability to move or be moved." Almost every characteristic of the organizational entrepreneur relevant to his behavior in the organization is related to some aspect of mobility. For instance, as a generalization:

(1) Consider the organizational entrepreneur's attitude toward risk. He is a risk-taker rather than a risk-avertor and a decision-maker rather than a decision-avoider due to his concern over his dynamic and impact in the organization, his desire to move ahead relative
to his competitors within and without the organization, and his concern over his movement along his achievement or goal continuum.

(2) Consider the organizational entrepreneur's attitude toward his output of energy and other self-given dynamic accelerators. Firstly, he identifies with those individuals who have the greatest observable dynamic in the organization. Secondly, he applies his energies and skills to the highest degree of which he is capable so that in general, he may achieve and advance in the organization, and so that in particular, he may take full advantage of the directives affording him the tools for advancement or he may earn promised tools which would increase his ability for intra-firm upward mobility. Generally, this behavior is the result of his contemplation of the attainment of not only his aspirational dynamic but also movement along his personal goal continuum. Thirdly, by the very output of self-given dynamic accelerators he shows a desire or readiness to move. Fourthly, he regards all business organizations as potential vehicles which he may employ to achieve in terms of his own goals. However, his use of these organizations or vehicles is predicated on his mobility between them which is in turn predicated on the establishment by him of a meritorious record of achievement while associated with any particular one of them. Therefore, the organizational entrepreneur's devotion of energy and other self-given dynamic accelerators to achieving in particular firms is indirectly a devotion of energy to the attainment of inter-firm mobility.

(3) Consider the organizational entrepreneur's attitude toward responsibility, control, challenge, feedback, and any other others-given
dynamic accelerators. His consideration of these factors is directly related to his dynamic, his opportunity for impact, and his achievement therefrom. Each reflects some aspect of his ability or readiness to move or be moved; be it his freedom to direct the efforts of his own ideas, his opportunity to have a forceful effect in the organization, or the ability to move upward within the firm and forward on his goal continuum.

(4) Consider the organizational entrepreneur's attitude toward commitment. His commitment to the organization is essentially conditional on the provision by the organization of the tools that will enhance his intra-firm mobility, and ironically, also his inter-firm mobility. It is important to note again that the intra and inter-firm mobility of the organizational entrepreneur is perceived by him as having a direct relation to his movement along his open-ended goal continuum.

(5) Consider the organizational entrepreneur's basic motivation and the fueling of this drive. He is motivated by the desire to advance or move forward on his achievement goal continuum. The stimuli, which are both tools and rewards, provide him with the ability to move or achieve a dynamic in the organization, and also provide him with an indication of his movement.

The preceding examples suggest that perhaps considerations of mobility have played a significant role in the evolution of the so-called entrepreneur. In a sense, mobility appears as a sort of inclusive designation for a complex assortment of interim or facilitative objectives detectable in the behavior patterns of the organizational entrepreneur. As the result of a recently concluded study of 1,500 managers in 500 large corporations,
Professor Eugene E. Jennings developed a profile of a manager whom he designated as a 'mobisticent.' As described, this contemporary executive: "is a manager whose style is predicated upon rapid movement from position to position,
never expects to complete a job, is prepared to depart as soon as he arrives, is impatient in doing the final stages of an assignment,
is preoccupied with the mobility of the people around him,
is quick to feel mild anxiety when he stays in a job too long,
rejects the belief that a person can move too fast,
definitely does not believe that he has moved or is moving too fast,
refers himself psychologically to people several levels above him who are fast climbers, and tends to be somewhat aloof with superiors who are slow climbers,
demands a great deal from subordinates, sees a direct relationship between their efforts and his mobility rate,
tends to seek and accept assignments that give him high visibility...
The mobility-directed manager is more interested in his career than in his corporation. He is prepared to leave his corporation if it means he can go higher or faster in another."59 There is observable in Professor Jenning's profile of the 'mobisticentric,' certain characteristics which have heretofore been ascribed to the entrepreneurial type both within and without the large scale business organization.60 For instance, there is observable: (1) a concern with the attainment, rate, and loss of both his dynamic and impact in and beyond a particular organization, (2) the fact that he has a high opinion of his potential and therefore believes that he is worthy of and desires advancement at the fastest rate possible, (3) an identification with an aspired-to dynamic level,
(4) a concern with relative achievement indicating the possibility of a penchant for competition, (5) a quest for challenging situations promising achievement satisfaction, (6) his use of the human resources of a firm as a vehicle to further his own personal goal attainment, and (7) a basic achievement drive and ego-centric character development manifesting themselves in a low conditional commitment level (transactional mode of interpersonal relations).

It is perhaps not coincidental that the behavior of Jenning's mobicentric is so reminiscent of the behavior of the entrepreneurial type as described in this treatise. Statistically Jennings found that since the end of the Korean war managerial turnover in the organizations studied had increased fivefold. Also, in a back-up study conducted by Fortune Magazine of some sixty representative corporations, 57 percent reported that managerial turnover had risen. Jennings describes this apparent penchant for mobility in managerial personnel as 'endemic,' just as the penchant for independence was peculiar to the traditional entrepreneur. As a basic observation, it could be noted that mobility and independence are very much related in themselves in that each is concerned with the freedom, ability, and readiness to move. Therefore, it is proposed here that it is the replacement of an outward concern with complete independence, by a concern for mobility, which characterizes the evolution of the traditional independent entrepreneur to the organizational entrepreneur.

A superficial view of the organizational entrepreneur can be expected to yield the view that in his role as an employee of a large business organization he has traded much of his independence and autonomy for a very nebulous 'something.' However, a more exacting investigation
may reveal that the 'something' which conditionally sealed the bargain is the use for personal goal attainment of a certain quantity and quality of human and non-human resources, and all facets of intra-firm and inter-firm mobility which are earned by successfully using the forementioned resources to the benefit of the organization in question. Although the traditional independent entrepreneur was very self-confident and adept at the employment of the transactional mode of interpersonal relations, he either did not or could not join an organization and face the threat that the demands for conformity, fealty, and altruistic performance perceived as being inherent to organization life, represented to him. From one viewpoint, he avoided the challenge to glean personal satisfaction from the organizational way of life. However, this assertion of independence deprived him of the use of the resources of existing business organizations, and often deprived him of the use of resources from other sources. In any case, the most salient feature of his behavior is that the strength of his beliefs regarding the consumptive aspects of the corporate organizational environment was great enough to surpass the influence of his self-confidence in his abilities to use a situation to his own best advantage.

Although the organizational entrepreneur does not assert his independence by avoiding any employment affiliation with a large business organization, his behavior is nevertheless somewhat alligned with the behavior of the traditional independent entrepreneur as described above. He too desires not to have his individualistic tendencies consumed by the organization, and demands that he receive the benefits of his efforts while employed in the organization. However, certain economic, demographic and educational forces have apparently resulted in circumstances
which perceived by the organizational entrepreneur make him confident that he can assert certain performance aspects of his individualism and successfully achieve in the organizational environment. This observation alone suggests that the organizational entrepreneur:

(1) Demonstrates a greater self-confidence than the traditional independent entrepreneur, with the qualification that it is a confidence in his ability to overcome or resist the restrictive elements of a relationship that if used in the correct manner could prove satisfying; and

(2) He demonstrates a maturity that is not often attributed to the traditional independent entrepreneur in that he may acknowledge that freedom does not necessarily mean the absence of all restrictions but rather successful adjustment to them with particular reference to realizing their worth to the welfare of the organizational vehicle and using them to glean greater achievement and satisfaction in the organization.

It may be advantageous in the interests of providing a clearer perspective of the attitudes of the organizational entrepreneur toward the business environment and his place and behavior in it, to review generally the forces referred to in the preceding paragraph. The young organizational entrepreneur grew up, received his education, and is now working in an age of unprecedented affluence and national growth. Characterizing his formative and working environment has been the large scale organization, constantly reminding through its successes of the advantages of massive resource bases, economies of scale, emphasis on technology, and the strength of planning, control, and organizational unity. The large scale organization has proved its worth as a vehicle
for national economic progress. However, as a result of the rapid growth of the large business organization sector, the low birth rates during the depression years, and the drain of talented manpower into other growing sectors such as government and teaching, there is a great demand by these business organizations for able and ambitious manpower. The organizational entrepreneur's attitudes as described in this treatise, allow him to take full advantage of this situation. For instance, he is part of a generation which takes universal higher education for granted. He uses the educational system to qualify himself to use the organizational vehicle, and then he uses the organization itself as an academy to supplement his schooling. He is the product of an upwardly mobile society. He does not seek security because he does not value it or need it. He is in demand, and he doesn't expect that demand to diminish greatly under any circumstances. He is committed to self-development and self-renewal. He uses the business organization as a 'lever' in the processes of development and renewal. He demands from the corporation, "what the corporation demands for itself: the right to maximum choice and mobility." He is McGregor's self-actualizing man, and the circumstances are such that the world has opened up for his type of individual. He is better educated, has higher estimates of his own abilities, and has greater expectations of his opportunities and rewards than his predecessors. He has seen the organizations consume his predecessors, and he sees the dangers just as they probably did, although they could not or did not escape them. However, 'times have changed,' and so has the man. He does not yield to the organization as does the 'organization man,' nor does he declare his independence of the organization as does the traditional independent entrepreneur. The choice is no longer two-sided. The
tables have turned and how he is the demanded commodity, groomed and prepared to perform as advertised. He will give his 'all' to an organization under the proper circumstances but when he has consumed all he can from the organization he will move on to greener pastures. He is the product of an achieving society; made in its own upwardly mobile image.

Mobility in the behavior of the organizational entrepreneur is a multi-sided concept. Earlier in this section it was noted as an inclusive designation for a complex assortment of interim or facilitative objectives detectable in the behavior of the organizational entrepreneur because of the discernability of a concern for various aspects of movement in his attitudes toward risk, the output of self-given dynamic accelerators, the input of others-given dynamic accelerators, commitment, and his basic motivational influence. In the above instances, mobility served essentially as a criterion of both the probability of and the attainment of need fulfillment. In a survey conducted by Fortune Magazine, the most common reasons given for resignation by managerial employees were: faster development (28 percent), more authority (26 percent), more money (24% percent), better use of training (18 percent), and change of location (1.2 percent). In one sense these general statistics confirm what has been proposed thus far in this thesis concerning movement at the executive level. However, from another point of view taken by Professor Jennings, the fact that no particular motive stands out, suggest that mobility has become an end in itself. To quote Fortune, "it seems possible that in many cases these motives are only the shifting and changing facets of a larger feeling that taking on a new job, mastering it, and moving on to another is itself a hallmark of
success and growing competence." This suggestion is well-founded as it relates to an achievement motivated individual and his behavior in an environment characterized by many facets of upward mobility. It stands to reason that an achievement motivated individual will not stay in a situation from which he has derived all the achievement satisfaction that is possible, and it is logical that he should move on to a situation where he can make a renewed impact as far as both outward and inner achievement are concerned. Therefore, it would seem that Professor Jenning's proposal is a natural conclusion as the result of the observation of the entrepreneurial type in the large business organization as described in this thesis.

This section has been somewhat of a summary, bringing together much of what was proposed in this treatise with respect to the traditional independent entrepreneur and the organizational entrepreneur. To conclude this major section describing the organizational entrepreneur, Exhibit III-B compares various relevant characteristics of the independent entrepreneur and the organizational entrepreneur, with the purpose of the comparison being to illustrate by way of summary that the individualistic mode of behavior represented as 'entrepreneurial' based on the examination of the traditional independent entrepreneur in chapter II, is not destroyed by the large business organization. In view of widely held traditional beliefs concerning the supposed consuming affect of various aspects of the large corporate environment on the individual, it is perhaps surprising to find such a strong similarity in the relevant behavioral patterns of the traditional independent entrepreneur who is considered the stronghold or the prime demonstrator of kinetic individualism on the free enterprise business scene and the organizational personage
who has been designated in this treatise as an organizational entrepreneur. The greatest difference which appeared from the analysis of their respective behavior patterns was that based on his feelings of confidence and independent self-reliance, the traditional independent entrepreneur chose to attain a dynamic state of achievement and satisfaction through self-employment, whereas based on his feelings of confidence and dependent but non-committal self-reliance, the organizational entrepreneur chose to attain a dynamic state of achievement and satisfaction through being employed by others. These men chose their courses of action which were not directly enforced by the objective data of the environment; but they chose from standpoints, views, and propensities that did not form another set of independent data but were themselves molded by the objective set. In other words, the traditional independent entrepreneur and the organizational entrepreneur are both products of their environment but more so the products of their perception of their environment. The formative environments themselves from which economic, political, cultural, and social influences emanate, are constantly evolving at an increasing rate. It therefore stands to reason that the entrepreneur who is a product of his environment should also pass through some form of evolution. Furthermore it is reasonable to assume that evolution of the traditional independent entrepreneur under the same conditions and circumstances which contributed to the present attained status of the business system would result in the materialization of an entrepreneurial type such as the organizational entrepreneur described in this section meeting the demands of the emerging business structure, operations methodology, and evolution. From a behavioral viewpoint with respect to the business situation, the organizational entrepreneur is essentially the same type
of individual as the traditional independent entrepreneur except that because of his exposures to various physical and psychological manifestations of the evolution of the society in which he lives, he has or seems to have attained a higher developmental state of transactional acumen which from many viewpoints appears to reflect a more realistic perspective of, better preparation for, and a more mature approach to, the existing and future state of the business environment. The attainment of this status has allowed him to employ the large business organization to his best advantage while still retaining his individualistic identity and satisfying his individualistic and quite independent needs and desires.

In closing this section, one point should be made before proceeding to the next section where the merits of the forementioned evolution will be discussed. The organizational entrepreneur in a perfect form is a rare bird just as is the successful traditional independent entrepreneur. Most individuals employed in large business organizations will not be organizational entrepreneurs, just as most individuals would not be successful if they ventured to an enterprise of their own. This non-attainment of organizational entrepreneurial status or traditional independent entrepreneurial status is as discussed in this treatise based on such factors as ability, attitude, opportunity, moral fortitude, etc. However, in that the entrepreneur in both instances (organizational and independent) is in reality a behavior mode, it is possible that certain individuals may retain selected entrepreneurial characteristics while never attaining full entrepreneurial status. The resulting behavior could be designated as 'entrepreneurial type' behavior. The relative merits of developing this type of behavior will become more evident in the following section, and in the concluding chapter of this thesis, selected general
Risk: The traditional independent entrepreneur can be characterized as a risk-taker in that he is inclined toward positive actions under conditions of uncertainty wherein lie relatively high probabilities of loss and/or exposure to harm. This inclination toward positive action is the result of his self-confidence and belief that the application of his skill and effort will make a difference in the outcome of the risk-bearing situation. His decisiveness per se is positively related to his desire to achieve and his fear of the results of inaction. The basic stakes relevant to his decision making behavior are the loss of the conditions conducive to his achievement (his independence) and his achievement vehicle (his business), both of which he values for their vital contribution (as related to his dynamic and impact) to his achievement as an individual.

Energy: The energy output of the traditional independent entrepreneur is predicated on the perceived possession by him of responsibility for, control over, and a direct relation between anticipated personal reward or achievement and his own efforts in, a challenging and therefore potentially satisfying (from an achievement standpoint) situation. He identifies with and strives to behave commensurately with an aspiration peerage level, determined by his expectations of entrepreneurial success or more exactly, entrepreneurial dynamic.

Risk: The organizational entrepreneur can likewise be characterized as a risk-taker in that he also is inclined toward positive action under conditions of uncertainty wherein lie relatively high probabilities of loss and/or exposure to harm. His inclination toward positive action is the result of his self-confidence, his belief that the application of his skill and effort will make a difference in the outcome of the situation, and his confidence in certain non-personal decision-making tools at his disposal (the resources of the organization). His decisiveness per se is positively related to his desire to achieve and his consideration of the non-plus aspects of inaction. The stakes relevant to his decisions are the possible loss of conditions in the organization (others-given dynamic accelerators) conducive to various aspects of his achievement and the loss of the organization itself as a vehicle in his overall quest for personal achievement.

Energy: In the case of the organizational entrepreneur, the output of self-given dynamic accelerators (energy, skill, etc.) is positively related to the presence in the organizational situation of others-given dynamic accelerators (responsibility, control, challenge and a direct relation between personal achievement and his efforts on behalf of the employing organization. He identifies with a superior executive level as determined by his expectations of an aspirational dynamic. He derives satisfaction from constant and consistent achievement as can be expected of an
His constant and consistent quest for renewed success, and his energy output in general, can be directly related to his open-ended goal perspective. Advancement along his time-achievement-goal continuum is the most prominent influence behind his energetic behavior and maximum energy is rendered in the interest of a positive dynamic and success.

Responsibility, Control and Feedback: The traditional independent entrepreneur places prime importance on his ability to derive an achievement satisfaction from the success of his enterprise, and functions under the proposition that he is directly responsible for the success of the enterprise because it is his skill and effort which will for the most part make his expectations of success a reality in a risk-bearing or challenging situation. For this proposition to be functional in positively influencing his energy output and commitment level, the situation must appear challenging and/or potentially satisfying (from a long-range achievement standpoint and he must perceive that he has ultimate control of the situation. A maturing process will reduce the entrepreneur's negative consideration of the benefits that others may derive from his efforts, as long as his ability to initiate action in his enterprise, direct the operations of his enterprise, and achieve in terms of advancement along his personal goal continuum are not threatened on a continuing or long run basis.

Individual with an open-ended goal perspective. Totally committed to his effort-achievement perception, he diligently applies the tools over which he has control (self-given accelerators) to earn the indulgence of the powers that be in the organization with respect to the contribution demanded of them toward his self-actualization.

Responsibility, Control, and Feedback: The organizational entrepreneur places prime importance on his opportunity for impact in the organizational situation. This impact from which he expects to derive achievement satisfaction is in turn related to his dynamic. His overall dynamic is measured by the presence in the organizational situation of others-given dynamic accelerators (the prime ones being responsibility, challenge, control, and feedback), plus his own output of self-given dynamic accelerators as determined ex post by his pre-performance expectations predicated on the adequacy of the forementioned others-given dynamic accelerators. Although basically an ego-centric, he is resigned to the proposition that he must achieve for the organization so that he may achieve for himself; but accordingly, he demands feedback in the form of rewards which give him achievement satisfaction in terms of his personal goals, punishment in terms acceptable to him, or simply interim information of progress, so that he may gauge his achievement both for the organization and for himself and thereby determine his future energy output and commitment.
Commitment: In accordance with the concept of a transactional mode of interpersonal relations, the traditional independent entrepreneur is conditionally committed only to those relationships in which he feels he has a beneficial interest as determined by his judgment of their contribution to his long run advancement along his goal continuum. Since he perceives that the success of the venture and his own derivation of achievement satisfaction is directly related to the application of his energies and skills he will terminate any relationship which threatens his achievement expectations by frustrating his initiative, control, and/or derivation of required feedback. The attitude toward commitment as described is beneficial to the entrepreneur in coping personally with competitive relations and disappointments.

Motives: The traditional independent entrepreneur is motivated or 'made to want to move,' by the desire to advance along an open-ended time-achievement. The criteria against which he measures his progress along this continuum may be variously; wealth, status, power, recognition, etc. These criteria serve most importantly as relative measures of his accomplishments and the meeting of feedback expectations on which he bases his energy output and commitment.

Commitment: Effective use of the large scale business as an achievement vehicle requires that the organizational entrepreneur be an exceptionally adept practitioner of the transactional mode of interpersonal relations, if in the process he is to retain his individualistic tendencies. Accordingly, he is conditionally committed only to those relationships which contribute to advancement along his open-ended goal continuum, and he will terminate any relationship which does not meet his expectations concerning his dynamic and opportunity for impact on a long range basis. This attitude toward commitment assists the organizational entrepreneur in understanding and cope with the favorable and unfavorable aspects of an objective competitive environment.

Motives: The organizational entrepreneur is motivated by the dynamics of his movement along an open-ended goal or achievement continuum. The criteria against which he measures his progress along this continuum may be variously; wealth, promotion, status, power, recognition, responsibility, challenge, etc. These criteria serve as an indication of his relative competitive accomplishment in the organizational environment, his achievement by his own standards, and as stimuli and justifiers with regard to his output of self-given dynamic accelerators and commitment.
methods and means of developing the 'entrepreneurial type' behavior will be presented.

III. EVOLUTION OF THE ENTREPRENEUR

ADVANTAGEOUS OR DETRIMENTAL?

In the previous section it was hypothesized that through the process of evolution, there has been an apparent resurgence of the entrepreneurial type in a non-ownership role in the large business organizations which are increasingly characteristic of the business environment in free enterprise western societies. It was not intended that there be any implication that the opportunities for independent entrepreneurial endeavor be artificially limited in the economy for any reason, because if the system is to remain essentially free, then the alternative open to each individual to attempt to initiate and succeed in his own enterprise must necessarily be present regardless of the feasibility or wisdom of the choice. However, it is possible that the evolution of the entrepreneurial type as described in the previous section will result in the natural curtailment of the future development of traditional independent entrepreneurship. In addition, it is possible that this occurrence would not be detrimental to the free enterprise system in any way as long as the entrepreneurial type was still able to flourish.

Recent speculation suggests that we are at present and may always be living in a 'scarcity economy'; one that allocates its limited resources efficiently through the natural feedback systems embodied in the profit motive and the market. The business organization is a vital part of this process. In the words of Kenneth Andrews in his description of business; "Its purpose in Western societies is to produce and distribute the interrelated products and services comprising material existence,
making life agreeable, and permitting the pursuit of non-material goals. In industrially developed countries these activities multiply, change, die out, and spring up in an unstable complexity effected by entrepreneurial energy, developing technology, increasing expectations of material well-being, and ideals of social justice. The output of the business sector may be divided into two sectors--the production of goods (manufacturing, mining, farming, and construction) and the provision of services (business and personal). In its activities as a mechanism whereby limited material and non-material resources are transformed into limited quantities of goods and services and henceforth distributed in the market, it is also an important user of resources. If resources are in fact limited, and the objective of the system as a whole is to provide the greatest good or satisfaction (as determined by the meeting of expectations as to material and non-material well-being) to the greatest number of individuals (based on equitable standards as determined by ideals of social justice), then efficiency in the use and distribution of these resources and/or the product of these resources, is a desirable standard. It is possible to deduce from the preceding reasoning that the forementioned efficiency is directly related to how technology is developed and how entrepreneurial energy is directed. The question is therefore: Can the entrepreneurial type be more efficient, effective, and productive in the traditional independent role or an organizational role?

It is not intended that the discussion of this question centre around the relative merits of the small and the large business enterprise, although when it is considered that for the most part the traditional entrepreneurial venture is relatively small at its inception and that very few ever grow to the proportions of the self-perpetuating, widely
held, large scale business institutions, then it becomes evident that this approach may deserve some consideration. Small businesses are customarily assumed to possess advantages in relation to simplicity, easier internal communications, flexibility, adaptiveness, etc.; all of which are characteristics deemed to be beneficial in an economy advancing through processes of constant innovation, differentiation, diversification, and overall rapid change and renewal. However, from an efficiency standpoint the small firm may not be quite so beneficial or appropriate as it is usually considered to be. Table III-A indicates that by far the largest proportion of commercial failures occur in the classification of the small business. It was previously established in chapter II. (see Table II-B) that the majority of these failures could probably be attributed to incompetence or inadequacies with regard to experience on the part of the traditional independent entrepreneur who has been eulogized (perhaps wrongly) so often in economic literature. These figures suggest that in spite of the advantages of the small firm and in spite of various so-called strengths of the traditional independent entrepreneur, they were in the cases tabled, not adequate to counteract the lack of capacity to meet the great range of eventualities dependent on the possession of material and non-material resources. In fact as noted in chapter II, in many cases it may have been due to certain characteristics of the entrepreneur and his development that these resources were not available. It may in fact be possible that the business environment in general and business requirements in particular are changing to the extent that the small business and the traditional independent entrepreneur are becoming obsolete from a competitive viewpoint, especially in the goods production sector of the economy. Studies indicate that the
large industrial enterprises are steadily growing in their share of business in Western societies. For instance, in the United States for the year 1968, the five hundred largest industrial firms: (1) rang up 64 percent of all industrial sales (up from 62 percent in 1967), (2) employed 687 out of every 1,000 workers, and (3) accounted for 72 percent of all profits (note...the fact that the percentage of profits is greater than the percentage of sales indicates that not only is the large firm a superior profit 'grabber' but also a superior profit maker). In addition, other figures suggest that the two hundred largest companies in the United States controlled 58 percent of all manufacturing assets in 1968 (up from 48 percent in 1948). It is possible to induce from the preceding examples that among other things, the depth of material and non-material resources, economies of scale, relative high degree of internal diversity, not to mention the actions and reactions of the markets themselves, have given the large business organization a competitive edge over its smaller entrepreneurial counterparts. In as much as the inability of the smaller firms to compete either in the resource market where they obtain their goods and services or in the market where they sell their goods and services, results in the impeded development of the enterprise due to operations on an inappropriate scale and/or the failure of the enterprise based on the criteria of relative profitability in the economy, then the smaller firm is inefficient from the viewpoint of wasted time, energy, and resources. In addition, it is important to note that if in the case of the traditional independent entrepreneur it is his independent and autonomous nature that alienates him from advisory or other more material resources which could assist his development and/or prevent his failure, then from an efficiency standpoint he is an
individual that a society, which must strive for efficiency if it is to meet the optimistic projections of its expansion and material welfare, can scarcely rely on to contribute to the attainment of the desired standard. Few men can afford or are capable of a business life of complete independence, and on the basis of the reasoning above, society can ill-afford to have them do so. It is not so much that the conception of an idea or even an invention requires the resources of the large organization, although as Jewkes et al points out, nowadays resources to support the innovator come from large institutions, even if they are institutions designed to protect the independence of the inventor. It is rather in the areas of the technical and market development of these innovations that increasing amounts of resources (particularly financial) and worldly knowledge are required or are desirable. By way of illustration, consider that as one moves from invention or basic innovation on to and through the development stage, technical considerations gradually give way to market or economic considerations. It is impossible to measure just how much independent, inventive, or innovative genius has been wasted, or how many businesses have failed and more material resources wasted, because of the shortage or inadequacy of material and non-material resources, the inability to develop further because of the inability to undertake the risk, or even proceeding with the development without adequate consideration of the market implications. The question is: Can society afford these inefficiencies, and moreover, should the resulting waste be incurred in the name of free enterprise and individual freedom if there is a feasible alternative which is not destructive to the doctrine of freedom?

The alternative mentioned above is of course the development of
the organizational entrepreneur. It is likely that in the final analysis, the competitive pressures in our economic system will determine if and how the entrepreneurial type will play a significant role in the evolving business environment. It is very probable that the demands of continued economic growth will put extreme pressure on the inefficient process of traditional entrepreneurial development wherein many businesses are established, few survive, relative economic growth is gained from the efforts of the survivors, but vast amounts of resources, time, and energy are wasted through the collective inefficiencies of the process.

It was established in the previous section outlining the behavior and attitudes of the organizational entrepreneur, that the entrepreneurial type could not only survive in the environment of the large scale business organization, but that under certain conditions he could attain greater levels of achievement than if he were in business for himself. The Western societies with which this thesis is essentially concerned can be characterized as entering a technological and analytical revolution. The question is therefore: Can the entrepreneurial type find a place in this revolutionary environment and if so how will he be accommodated?

Speculation based on apparent trends in our society would indicate that an increasing need for the entrepreneurial type by the large business organization in the emerging economic state will arise out of radically new conditions within and without the large corporation. As stated by Melvin Anshen, "the critical new condition is an acceleration in the rate of change of such magnitude that change itself becomes the central object of management attention." He further states that, "In this emerging management world, what will be the main task of management common to all types and sizes of companies? I suggest a combination of spatial and
temporal intellectual vision, with the ability to transform vision into operating results through the flexible administration of physical, human, and financial resources in any environment. This might be described as applied conceptualization or, more simply, as the management of ideas.\textsuperscript{77} To his way of thinking, this management of ideas would demand, "special intellectual ability to visualize the translation of ideas into controlled operating systems responsive to dynamic change."\textsuperscript{78} Upon analysis, the preceding statements, respectively, outline in a general manner: (1) conditions under which the entrepreneurial type; an individual receptive to alternate ways of acting, adaptive to change, and dedicated to renewal on an expanding and changing information base, is most certain to flourish; (2) the performance of the functions of observation, execution, and planning which the entrepreneur has necessarily undertaken since the beginning of commercial enterprise, and functions which the organizational entrepreneur specifically and laboriously prepares himself to perform in a changing environment; and (3) qualities which have been hypothesized as being characteristically possessed by the successful entrepreneurial type. Obviously, if Anshen's predictions are accepted, then there will definitely be a place for the entrepreneurial type in the emerging economic and sociological environment. What he is in essence calling for is a creative response by a capable and creative responder, to technological and sociological change, because of technological and sociological change.

In a recent article by Robert F. Vandell, he speculates that technological change in general and electronic data processing in particular, are about to precipitate a 'management revolution,' and that profound changes are imminent in the economic environment. He asserts
that, "over the next 10 to 15 years, new found opportunities for rapid quantitative analysis will shorten the decision-making cycle and increase the competitive demand for managerial excellence." He speculates that technological equalization with respect to the use of electronic data processing in analysis and decision-making will again render 'art' the critical element in management skill rather than 'scientific method.'

The computer is essentially an information processor and not a creator, and in view of this Vandell believes that, "management tasks in the future will still be handled by men. Vision, creativity, intuitive heuristic skills, leadership, and so forth, will all be important in the future of management." Of particular relevance to this treatise is the composition of the managerial excellence mentioned above. He generally proposes that the new manager must necessarily be an effective, independent, responsible, ad hoc operator and decision-maker, able to function under conditions of extreme uncertainty resulting from the fluidity of the system. In addition, this individual must be both incisive and decisive, able to make rapid, courageous, imaginative, but still realistic decisions, and have the skill to implement his decisions.

Whether Vandell realized it or not, he was describing a need for the organizational entrepreneur, and he even went so far as to state that the competitive edge in the future would fall to the companies which could preserve their maneuverability; decentralizing and passing responsibility and strategic control to lower levels in the organization thereby allowing freedom and entrepreneurial motivation to flourish at the lower organizational levels. In other words, if the modern corporation is to remain flexible, adaptive, and innovative in its efforts to survive the rigors of the competitive environment, it must develop an intra-firm
environment which will attract and hold the competent, versatile, and adaptive administrator. The entrepreneurial type individual is deemed to be an administrator of this nature, and the decentralization and localized management conditions predicted as being imminent by Vandell, appear to be ideal from the viewpoint of those aspects of achievement satisfaction related to dynamic and opportunity for impact. 81

It is interesting to speculate with respect to the effect that Vandell's management revolution will have on the entrepreneurial type with respect to his mobility. In the previous section it was proposed that the need for constant achievement and renewal caused the entrepreneurial type to employ inter-firm mobility to attain situational challenges and renewed impetus in his quest to achieve. His fluidity in the business environment as a whole was due principally to his competence, the shortage of individuals of his calibre, and the fact that the economy was so dynamic from the viewpoint of both change and expansion. It is likely that this dynamism will increase in its pace and that the need for managerial talent particularly of the entrepreneurial type will also grow commensurately. However, the autonomous nature of the localized management situations and the variety of rapidly changing situational circumstances which characterize the organizational niches may give the organizational entrepreneur both the freedom he desires to direct the efforts of his own ideas and the satisfaction of renewed challenges such that he no longer feels he has to move from situation to situation in order to achieve the forementioned conditions. 82

In summary, it may be advantageous to consider various general implications of the evolution of entrepreneurial venturing and a future business environment characterized by large scale organizations set up
on a centralized policy and overall control basis but being effectively operated and managed on a localized pulse-feeling market basis. Firstly, and most important, the entrepreneurial type individual will not be eliminated or even phased out of the economic scene. In fact, he will continue to play a most vital entrepreneurial role in an economic system which will still be essentially dependent on his type of individual for its growth, survival, and material welfare. Secondly, a social system increasingly in need of and necessarily cognizant of efficiency in the use and distribution of scarce resources, will, while reaping the benefits of the contributions of the entrepreneurial type individual, eliminate many of the ill-afforded inefficiencies associated with traditional independent entrepreneurial development. The organizational entrepreneur who it is proposed will for the most part replace the traditional independent entrepreneur, is an environmental mutation of same, and through his behavior in the large corporate environment, entrepreneurial energy and skill will be applied under the controlling but not destructive influence of various checks and balances designed to direct renewal and change in line with the long term goals and purposes of our Western society.
FOOTNOTES FOR CHAPTER III

1 It is also notable, that the more affluent a society becomes, the easier it becomes to create needs and demands in that society.


3 In a recent publication: John Kenneth Galbraith, The New Industrial State (Boston: Houghton Mifflin Company, 1967), Mr. Galbraith even goes so far as to assert that the technostructure, or all those who contribute to group decisions, are in possession of the controls and the power in the large scale organization.

4 Harbison and Myers, op. cit.

5 Harbison and Myers, op. cit., p. 21-32.

6 In recent years as society in general seemingly becomes more conscious of social matters, so also have the large corporations indicated an awareness and concern for public responsibility. In a recent article; Robert C. Albrook, Business Wrestles with its Social Conscience (Harvard Business Review, August 1968), Mr. Albrook states as a justification for the apparent interest that large corporations have in social needs and the funneling of funds into same that this phenomenon is or may be attributed to a desire to increase management morale, because the young managerial candidates: "better than their predecessors...are often seeking in their careers a greater identification with society and its needs." For deeper insight into the new role of large business organizations, see the section of this chapter entitled "Consumption of Identity."

7 Harbison and Myers, op. cit., p. 42.

8 As noted earlier in this chapter, as the scale of an organization and its activities increases, the number and complexity of relationships and thus the possibility of misinformation, lack of information, and conflicts of information from which uncertainty may flow, also increases. As a result, increased scale normally necessitates increased controls to insure communication and cooperation if the organization is to remain functional.

9 It will become more evident as this chapter unfolds that the ability of the individual to enter only into those situations in which the rewards and opportunities available meet his expectations and in which the rewards if received contribute to progress along a chosen objective continuum, and the ability of the situation offerers (large business organizations in this case) to employ those individuals to whom it can
offer those rewards and opportunities which they know and should make an
effort to find out are expected by the aspiring employees, will to a large
extent determine the task performance efficiency and the degree of
individual satisfaction to be found in the large organization. In one
sense this is an example of a more sophisticated application of what was
described in chapter II as the transactional mode of interpersonal
relations.

10. The suggestion that innovation should be controlled and not
allowed to run rampant, is based on the proposition that creativity for
the sake of creativity is a waste of resources when there are unattained
the desirable objectives at hand.


12. Again as pointed out in chapter II, the extent to which anyone
is really independent or autonomous in the sphere of successful entre­
preneurs is increasingly doubtful.


14. The labor union movement has done much to bring about these so-
called mechanisms, and in a sense the union itself can be considered as
a mechanism which the individual uses to improve his lot in the large
organization.

15. Many of the large organizations now in existence started large
because of the nature and capital requirements of their activities. For
instance, it is difficult to conceive of a small railroad or a small
competitive auto manufacturer. In many industries such as those mentioned
it is difficult if not impossible to start small due to the nature of the
competition and the demands of the marketplace and the marketingplace.

16. See section of this chapter entitled "Consumption of Identity."

17. It is important to note that is is decision-making and not ultimate
control which is properly disseminated in a decentralized administration.
If this were not the case then the organization would in all likelihood
disintegrate due to the absence of a focal point for the efforts of the
organization. In Harbison and Myers, *Management in the Industrial World*,
op. cit., p. 44, this is referred to as the major paradox of delegation:
that the more top management tries to decentralize decision-making, the
more it must centralize its control of the decisions.

18. This is a problem which is most likely to occur under extreme
applications of centralization in very large organizations.
19. The independence of this individual should under ideal circumstances be tempered by the wisdom of this individual to evaluate his qualifications and acknowledge his limitations, while searching for and using the resources at hand to supplement and compensate for these qualifications and limitations, respectively.


21. A major part of this suggestion becomes questionable on the basis of the proposition that not all individuals are concerned to a great extent with achievement per se, and can be satisfied in the work environment with such rewards as monetary payments, security, appealing basic working conditions, and favorable relationships with peers and supervisors.

22. One policy that an organization may institute to provide a favorable environment for this dissection, is the giving of some form of recognition on the basis of achievements within these smaller domains where the domains are formal divisions within the organizations. In addition, it is not unlikely that strong consideration should be given to the formalizing of the informal domains formed in the minds of individuals, because in many instances this could prove operationally sound as well as satisfying to the individual needs in the organization.

23. In order that human resources can be released from the productive process thereby allowing these released human resources time to enjoy the benefits of the advancing technology, it becomes important that those resources, human and otherwise, which are still needed in the productive processes of the advancing industrial state, be available to, attracted to, and efficiently stimulated in the production environment. Therefore, although fewer people are directly involved from a participative standpoint and thus concerned with the qualities of the work environment, this does not decrease in any way the importance of studies of the stimulation of productive capacities in the workplace. In fact it may even increase their importance because even though fewer people are involved, the alienation of those who are participating from a production standpoint and the subsequent decrease in their productivity becomes more serious due to the larger per man productivity.

24. The need for the large business organization to cooperate, conform, and compromise in its working environment in order that this same environment can be controlled and predicted to such a degree that the inputs and outputs in the economic processes will become relatively stable elements thereby so vital to their survival, is a proposition which appears throughout John Kenneth Galbraith's, *The New Industrial State* (Boston: Houghton Mifflin Company, 1967).

25. This proposition must be qualified by the stipulation that the goals of the firm be in alignment with society and its needs.
In a democratic free enterprise society it has been theorized that the 'rich get rich and the poor get poorer.' If this proposition was valid then it is likely that a revolution by the increasing proportion of the increasingly poor members of society would be very probable. However, the large scale business organization facilitated such a high rate of growth in the productivity of the nation that the largest proportion of society are not 'poor' relative to human standards and therefore take only passing notice to the 'rich getting richer' which is in itself a situation in which anyone with initiative, talent, and perhaps a little luck may find himself.


The execution of these managerial services may be likened to the execution function of the traditional independent entrepreneur as described in chapter II.

Refer to section of this chapter on 'responsibility, control, and feedback' to examine the proposition that the organizational entrepreneur must perceive and be able to justify his belief that his personal achievement is directly related to his performance in the firm in order for him to thrive on the competitive aspects of corporate performance.

See section on 'entrepreneurial energy' in chapter II.


See section on 'energy' in chapter II.

Guzzardi, op. cit.

As will be discussed at greater length in the final chapter of this treatise, it is up to the firm to provide the correct or desired feedback to the organizational entrepreneur so as not to disillusion him with respect to his perception of a direct relationship between his achievements for the firm and his own personal achievement.
Entrepreneurial identification was first mentioned in this treatise in the section on 'energy' in chapter II.

See section in this chapter on 'mobility.'

Robert C. Albrook, "Why Its Harder to Keep Good Executives," Fortune Magazine, LXXVIII No. 6, citing from the findings of Eugene Jennings as set out in his book "The Mobile Manager."

See section on 'commitment' in this chapter.

Guzzardi, op. cit.,

Ibid., p. 62.

See section on 'energy' in chapter II.


It is important to note that the entrepreneurial individual also gets satisfaction from and considers as a reward in itself, the opportunity for autonomy and self-realization. This is one of his most important differentiating characteristics.

This latter point will be discussed at greater length in the following section on organizational entrepreneurial motives.


Guzzardi, op. cit., p. 62.

Mobility will be discussed in the following section entitled 'mobility.'


Refer to section on 'responsibility, control and feedback.'


Refer to the section on 'energy' in chapter II of this thesis for a full explanation of the 'open-ended goal continuum.'
This will be discussed at greater length in the last chapter of this thesis.

The organizational entrepreneur's quest for constant achievement in the large scale business environment necessitates continuing education and constant rationalization of the system of which he is a part. Achievement and satisfaction therefrom in this environment serve to reinforce the influences which formed his attitudes and his belief in and approach to the system initially.


As defined by the World Book Encyclopedia, 'dynamic' has to do with the energy or force producing motion.

Robert C. Albrook, "Why it's Harder to Keep Good Executives," Fortune Magazine, LXXVIII no. 6, citing from the findings of Eugene Jennings as set out in his book "The Mobile Manager."

Loc. cit.

This refers to cases where the individual went in business for himself because he lacked the qualifications for employment by a large business organization.

Guzzardi, op. cit., found that among the executive that he studied, nine out of ten were college graduates and one-third had gone to graduate school.

Albrook, op. cit.

Albrook, op. cit.

Albrook, op. cit.

Albrook, op. cit.

See section I, of chapter III.

Gilbert Burck, There'll Be Less Leisure Than You Think," Fortune LXXXI No. 3 (March, 1970), p. 86.

70 Burck, op. cit. Studies of United States figures indicate that in the last twenty years the bulk of the increase in total employment can be attributed to the service industries. However, the greatest portion of the increase in total output could be attributed to the goods production sector. This trend is expected to continue until by 1980 it is expected that the services will employ twice as many people as the rest of the economy but in dollar value of output the services will be about equal to the goods producing sector. This phenomenon can be accounted for by the fact that the goods production sector is essentially capital intensive and therefore puts emphasis on quality rather than the quantity of individuals employed. It is subsequently more efficient than the service sector. Since the greatest hurdle to the independent entrepreneur is the acquisition of capital, it is reasonable to assume that he will be less competitive in the capital intensive sectors of the economy.


73 In many instances it is not really valid to compare the small business with the large corporation because for the most part a small business is likely to be a firm that services an economy and is not engaged in primary industry on which in reality the service sector relies for its well-being through the creation of money by the goods producing sector. There are admittedly relatively few small firms in the goods producing sector of the economy, but it is nevertheless these firms that are referred to in the discussion of possible competitive disadvantages.


75 The process of innovation and development may take more than the inventor or the idea man has to offer with respect to the resources and the skill required to get the product to a useful or marketable stage and then to promote and sell it. The 'product champion' is often cited as the individual or type of individual who is needed to undertake the risks involved in developing and marketing a product.


77 Ibid., p. 100.

78 Ibid., p. 102.

See previous section on the behavior and attitudes of the organizational entrepreneur, for full explanation of the importance and significance of these situational attributes.

It could be noted that in order for the organizational entrepreneur to be autonomous in these localized niches he may be required to be somewhat of a semi-specialist in whatever he is doing. This fact may limit his mobility to some degree with respect to his inability to move right into other semi-specialized but unrelated niches in the organization.

These checks and balances have to do with such things as: (1) eliminating various haphazard elements of independent entrepreneurial development, (2) controlling various aspects of inefficiency arising out of the question of technical and economic feasibility, and (3) filling in information gaps so as to prevent the inefficiency which results from the duplication of mistakes and productive facilities which is an occurrence characteristic of independent entrepreneurial development.
CHAPTER IV

ENCOURAGING ENTREPRENEURIAL DEVELOPMENT

In our modern world, efforts are basically directed, as in ages past, towards survival. This end is attained theoretically through endeavoring to control all that touches or is around us. The problem of control may be approached in only a few ways, all of which have proved relatively unsuccessful when applied to the phenomenon of entrepreneurship. The easiest approach to control, in the initial stages at least, is understanding through simplification. However, in most instances, all that simplification manages to achieve, as is evident from viewing a dictionary definition which is a prime example of simplification, is to avoid analysis and often the issue through generalization and non-consideration of the complexities of the subject. If complexity is not acknowledged or considered when it is in fact in existence, then the conclusion or answer arrived at may be at best as useful or less useful than no answer at all. The inadequacies of simplification have particular bearing on the study of entrepreneurship because of the likelihood that the complexity of the entrepreneur may be a prime factor in the engendering of the flexibility and adaptiveness that have in the past and promise in the future to allow the entrepreneurial type to materialize and maintain his functional position through many environmental alterations and under the constraints and peculiarities of various social systems.

The second initial approach to control is understanding through analysis and delineation of all the complexities of a particular subject,
with the subsequent quantification and application of it as a variable in some limited function model. This method may be productive if all the components and interrelationships can be identified and predicted, with the necessary degree of certainty. However, if these conditions cannot be attained, as in the case where there is a strong subjective element to be considered, then again this method may lead to simplification, and is often approached under conditions of ceteris paribus when in reality ceteris paribus does not apply. This fault is particularly relevant to the efforts to dissect entrepreneurship so that it may be applied in economic models.

What has been stated above may give the impression that entrepreneurship cannot realistically be controlled, at least insofar as control depends on complete understanding. It might also be suggested that perhaps attempts at controlling it are basically unwise. Might we not in controlling it, constrain the very essence of entrepreneurship—the freedom to innovate and adapt for survival in an environment characterized by increasing stochasticity and change?

It is unlikely that we can ever understand all the complexities of the entrepreneurial phenomena, and for that reason it is unrealistic to suppose that the entrepreneur should or could be controlled to the extent where he can be measured, or for that matter, even predicted. However, this is not to say that entrepreneurship cannot be encouraged and given direction, thereby allowing it to be employed to that extent which would yield as favorable, if not more favorable results were it completely controllable, while not endangering its very existence. This process would of course entail the acceptance of entrepreneurship as a subjective reality, and the direction of efforts to the provision of
opportunities, resources, general moral support, and overall conditions conducive to the development and functioning of the entrepreneurial type individual. This approach obviously eliminates the need to identify and quantify certain elements of entrepreneurship, and it allows the objective utilization of the subjectivity which has hindered economic studies of the entrepreneurial type in the past. As a result, in spite of the inability to completely 'solve' the phenomenon, we are not limited in the extent to which we may capitalize upon it.

The preceding chapters were designed to provide a flexible but definitive perspective of the 'entrepreneur' such that, on the basis of an adequate but relatively cursory analysis of selected relevant functions, traits, talents, attitudes, and behavior, a more usable perspective of an 'entrepreneurial type' was developed. After examining the actions and reactions of this 'entrepreneurial type' in the evolving competitive environment, it was proposed that not only could this individual flourish in such an environment but that he was desirable and necessary from the viewpoint of his continued contribution to the vitality of change and economic growth in the system. It is now intended that this chapter outline various general guidelines as to methods by which the development of the entrepreneurial type may be encouraged and stimulated in volume and intensity. This objective will be approached from the viewpoint of: (1) his education, (2) his absorption into the business system, and (3) the provision of a work environment during the period of his productivity.

**Education**

As defined by the dictionary, education is, "the development of knowledge, skill, ability, or character by teaching, training, study, or
experience. As such, it is essentially a process that begins at birth and ends for all practical purposes at death. As stated many times throughout this treatise, the entrepreneurial type is most definitely a product of his environment. It is virtually impossible to ascertain with any degree of accuracy just when in his developmental process the individual assumes the basic form of the achievement-motivated, self-actualizing entrepreneurial type. If this point could be determined, then it may be a probable starting point at which to begin encouraging and directing his development. Certainly, circumstances to which the entrepreneurial type individual is exposed prior to University age have formative significance, but it is unlikely that he is mature enough or his character is stable enough that directive efforts could render efficient results. Probably all that can be done prior to the point at which he undertakes what is usually deemed to be higher education, is to ensure that business does not appear to be anti-society, thereby warping his outlook of business.

In previous chapters it was proposed that the entrepreneur of the future will in all likelihood be what was designated as an organizational entrepreneur. It is generally accepted that in the evolving business environment, as an integral part of an advancing society, the attainment of higher levels of schooling with become increasingly necessary. The organizational entrepreneur has been characterized in this thesis as a part of a growing, inquisitive, forward-thinking segment of the population who accept this fact as a matter of course, and therefore it is likely that one of the most probable places to begin to encourage and provide direction to the development of the entrepreneurial type is at the institutions of higher learning. In this regard, it is also probable that the most influence can be exerted, and the most and best assistance
rendered in the areas of program content and education counselling.

Upon entering and institution of higher learning an individual is immediately faced with the problem of program and subsequent course selection. His choice of program is related ideally to the purposes to which he feels he should and desires to educate himself. He must therefore make a decision of some sort as to what he wants to be. It is logical that the best decision could be made in this regard if there was an alignment of, (1) the demands that would be made on the individual in attaining and once he has attained his objective, and (2) his capabilities, attitudes, beliefs, etc. In this way the individual is more likely to become not only what he wants to be but also what he is suited to be.

What would be of great benefit to the pragmatic entrepreneurial type in a situation such as this, would be objective educational counselling. Generally, this objective educational counselling would require that business schools:

(A) Develop through objective analysis a realistic perspective of the business environment and the demands that this environment will make both physically and psychologically on the individual that they are preparing. The attainment of this goal would probably entail a much closer alliance of business schools and the real business community, as well as much superior lines of communication between them than now exist.

(B) Relay the resulting data, information, and analyses to the existing and prospective business students through counselling or even course work if necessary. The individual counselled in this way would then be in a better position to judge on the basis of fact and not merely assumption and rumor, the merits of his chosen
purpose in educating himself to take or not to take a place in
the business community. It is not to be thought that this is a
public relations approach to the recruiting of business students.
It is moreover, a campaign reflecting a faith in the power of
knowledge. It is an attempt to educate the individualistic
personage in general, and the potential organizational entre-
preneurial type in particular, as to the opportunities that the
business community, characterized as it is by the large scale
organization, has for individual expression and achievement. It
is an attempt to show potential producers in the business environ-
ment, how it really is and what it really takes. It is an attempt
to correct various fallacies which exist concerning certain charac-
teristics of the large organizations which are dominating the
business environment.

(C) Give assistance and direction to individuals in analysing and
understanding their own strengths and deficiencies with respect to
their attitudes, beliefs, talents, etc., in relation to their
potential productivity and subsequent achievement in the business
environment, and their ability and probable inclination to deal
effectively and productively with the pressures and demands to
which they may be exposed in the evolving business organizations.

It is not intended that objective educational counselling methods manage
the individual to the extent that they force him to pursue or not pursue a
business career. They are intended merely to assist him through better
preparation and knowledge, to make a correct career choice and understand
his choice and its implications once having made it. The method of
counselling itself is essentially the presentation of facts and knowledge
facilitating self-analysis and situational evaluation by the individual being counselled. To many individuals this method of counselling will have no appeal and will render no visibly productive results. However, hypothetically it will appeal to the potential organizational entrepreneurial type—the pragmatic, achievement oriented, self-actualizing, individualistic, ego-centric personage who is sensitive to objective realities and acts accordingly. As a result, if this presentation of facts and knowledge is effective it will encourage the number of entrepreneurial types which chose business as a career and will direct their development by giving them an information base from which to develop a transactional mode of behavior and expectations in the evolving business environment.

One of the most vital questions regarding the education of the entrepreneurial type is: What should the course content of his program be during this limited period of study at the institutions of higher learning? In his study of the new young executive, Guzzardi found that their intellect was very narrow and rarely diffused into more broad areas of learning such as the humanities and liberal arts. This manner of behavior is to be expected of the entrepreneurial type in that because of his job or result orientation, he tends to be attracted to activities and mental exercise which leads to visible differences or change reflecting worthiness of his time and energy expenditure and approaches his relationships from the viewpoint of their practical results or value. i.e. They are essentially regarded as part of business problems, preparation, and achievement. However, in an evolving age of social concern and responsibility, the new entrepreneur may find that humanistic knowledge has increasing value from a practical viewpoint in that his
effectiveness in problem solving and situational control may depend on his sensitivity to and knowledge of 'people' problems. As stated by Guzzardi: "In the future the young executive may feel the lack of a liberal arts education. When his responsibilities broaden, he may be called on to deal with large questions--the broad relationships between the business community and the government or between that community and the social currents running in the country." Business is dependent on markets, and in the final analysis markets are people. The point to be made is that if this possible deficiency is likely to occur, then corrective measures can be taken before it does manifest itself.

It was observed earlier in this thesis that the trend for managerial candidates to seek in their lives and careers a greater identification with society and its needs, is apparently being accommodated by the large business organizations to a greater degree than ever before. These new managerial candidates are not anti-business and do not believe that business is or should even appear to be anti-people. The knowledge of the behavior, attitudes, beliefs, needs, and desires of people, as well as the evolution of society in general, has always been a vital component of management acumen. If the entrepreneurial type in general and the organizational entrepreneur in particular is to develop in the business environment by being able to assume the management of autonomous units in the business organization as proposed in the previous chapter, he will have to be not only a market specialist, but also a business and people generalist. It is up to the institutions of higher learning, particularly the business schools to follow the lead of the increasingly number of aware organizations, and to cater to his needs and assist the young aspiring executive to establish a productive perspective of business and
people relationships in order to limit his confusion and eliminate the torn loyalties which result from a lack of complete knowledge on the subject. Hypothetically this end can be achieved by supplementing the typical business curriculum in business schools with courses in behavior, psychology, sociology, etc. as related to business problems and environmental perspective. Confidence is a vital quality of the entrepreneurial type individual, and confusion and uncertainty which results from having inadequate or inaccurate knowledge on subjects which are important in the performance of management functions, particularly entrepreneurial functions, puts pressure, through its effect on the element of confidence, on the development of the entrepreneurial type individual. Therefore, through the provision of more adequate and accurate knowledge in areas where there is an undesirable deficiency, such as in those subject areas indicated by the preceding references, it is reasonable to assume that the development of the entrepreneurial type could be assisted.

Education for the entrepreneurial type in general and the organizational entrepreneur in particular, is necessarily a continuing process. A type of humanitarian ethic has developed of late in the business environment to the effect that if a man has given the most productive years of his life to an organization, then his employment and/or financial security will not be threatened, and under most circumstances he will be 'carried' by the firm even though he may be relatively unproductive in comparison to the man or machine that should replace him from an efficiency standpoint. However, there is a growing realization that this type of practice is inefficient in a society which must emphasize efficiency to maintain its present standards and meet future projections of material welfare. In our advancing society men as a whole are becoming increasingly inefficient for the many tasks that can be performed better and more
economically by various manifestations of technological advance, and they must also face the fact that they will have shorter productive lives in the business world because of the advancing knowledge rate (i.e. the indoctrination of recruits with knowledge at the institutions of higher learning outpaces the natural unimposed rate of absorption at the experience level). The new executive—the entrepreneurial type accepts mobility and turnover based on performance and achievement criteria, as a way of life. Furthermore they realize that unless they continue to educate themselves and sort of keep abreast of the times, they will be replaced by those that do. They therefore demand continuing educational opportunities within and without their work environment. To meet these demands the companies themselves must become academies, teaching and reteaching their personnel, and eliminating in the interests of efficiency those individuals that will not learn new ideas. Due to his basic appreciation of higher education and a faith in the power of knowledge, the new executive expects to spend much of his time being educated in a classroom even after he has supposedly left all 'that' and entered the real business world.

The provision of this continuing education is the responsibility of both the business organizations and the institutions of higher learning in society (particularly the business schools). It would be beneficial to the development of the entrepreneurial type if a closer alliance was formed for this purpose between the business community and the academic community. They must undertake the joint development of methods to insure that the organizational entrepreneur—the emerging bearer of the mechanism of change, receives the continuing education that contributes so vitally to the maintenance of his dynamic role in the process of economic growth.
Entrepreneurial Recruitment

This section is basically concerned with the efficient absorption of the entrepreneurial type into the business organization. The prime criteria of efficiency is the attainment of as perfect a match as possible between the entrepreneurial type individual from the point of view of his desires, needs, beliefs, attitudes, and behavior, and the business organization from the viewpoint of the characteristics they are seeking in a managerial candidate, the demands that they will make upon him while he is in their employ, the conditions that the individual can expect to work under in the organization, how the organizations expect the individual to perform, and what the individual can achieve in the organization. This match is desirable from the point of view that it is most likely to lead to the best performance of the entrepreneurial type in the organization. There are various general methods of managerial assessment that would be conducive to the attainment of this alignment between the firm and the managerial candidate. In this treatise we are concerned primarily with those methods which appeal to and are therefore conducive to the development of the entrepreneurial type in as much as his development is related to his ability to secure positions in which he can attain the dynamic and opportunity for impact to which he aspires. Since the entrepreneurial type has been characterized as a pragmatist, it is reasonable to assume that such managerial evaluation techniques as 'simulated situational testing' would appeal to him because they would test and/or reveal his abilities, attitudes, behavior, and performance under dynamic conditions rather than on the basis of subjective impressions or hunches, misleading performance on non-managerial or pre-managerial jobs, or tests that examine
only a few assumed managerial qualities or qualities that may be beneficial under some circumstances but which are irrelevant for the job in question and the duties it entails.

Organizations employing the 'simulated situational testing' techniques should take great pains to design situations which reveal traits which are appropriate to their particular firms and not necessarily an idealized set of management virtues. Furthermore, they should attempt to judge the results on a completely pragmatic basis because in all likelihood that is the approach to the situation taken by the entrepreneurial type. The effective use of the above technique would of course require that the organization be completely objective, realistic, and truthful with themselves in analysing their company and formulating guidelines indicating just what their organization demands of an individual and exactly what it has to offer the individual with respect to the actual meeting of these demands and expectations, and in return for same.

Good entrepreneurial management requires not just intelligence and ability, but also flexibility in the use of intelligence and ability and a general openness, adaptiveness, and sensitivity to new ideas, new ways of doing things, and changing environmental conditions. Although the use of practical situational testing may be the best way to probe the managerial qualities of the entrepreneurial type, it should be supplemented with other methods lest the organization eliminate at the testing stage, the flexibility that they demand at the performance stage.

The employment of 'simulated situational testing' may be supplemented with a process of 'reverse assessment.' Based on the proposition that the entrepreneurial type individual is as interested in finding the most suitable position for himself as the organization is in finding the best
man for the job, the technique of reverse assessment requires that:

(A) The individual be told in detail just what will be demanded on him and even his family, both physically and psychologically, in the organization;

(B) The individual be told in detail just what he will have to be like in terms of his attitudes, behavior, performance, etc. in order to compete with the individuals who are already in the organization, and other prospective managerial candidates;

(C) The individual be told how he is expected to act in a general context with respect to the company's goals, objectives, methods, and attitudes etc. which will also be outlined in the process;

(D) The individual be informed of the alternatives open to him such as employment in government or teaching where he may be more suited to the task and decision-making environment which should be outlined to the greatest extent possible.

After the managerial candidate has been informed in the above manner, he will be asked to judge himself in relation to the information that he has received and based on his own assessment of his abilities, attitudes, beliefs, strengths, weaknesses, expected behavior and performance, etc. Like a marriage—a relationship between an entrepreneurial type and a business organization should not be based on the expected ability of one party to change the other. Therefore, if on the basis of the comprehensive and detailed information provided to the individual the process of reverse assessment brings the individual to the conclusion that he is suited to the organization and the organization suits him; and if on the basis of the information that the simulated situational testing provided the organization about the managerial candidate they are satisfied that the
individual meets their requirements and can be developed but not changed to meet their expectations, then in all likelihood there is a good compatible match between organization and individual.

The methods outlined in this section are suggestive rather than conclusive in their effectiveness in encouraging and directing entrepreneurial development. In addition, it is important to note that the forementioned effectiveness is predicated on, (1) neither the organization nor the managerial candidate having a competitive disadvantage as far as the supply or demand of opportunities or services, respectively, is concerned, and (2) both the organization and the managerial candidate understanding and relating truthfully to each other what they have summarized with respect to their respective self-analyses. Each of these conditions is quite an undertaking in itself.

The Developmental Environment

Quite recently, Time Magazine wrote that, "A new generation--confident, iconoclastic, and thoroughly professional has entered the nations corporations....they want instant responsibility, a chance for individual expression...these younger better-educated people demand a different kind of direction...you have to give them their head, put them in positions where they can make mistakes." The individual described in the article is obviously the entrepreneurial type as developed in this thesis, and one of the most serious problems confronting the modern day organization is how it can benefit from the professional knowledge, abilities, and personalities of this individual. Everett C. Hughes suggests that to do this, "management must start from the premise that it will build on the egoism, aggressiveness and the dreams of its professional staff.
This is not a chancy decision because most of the time management will be dealing with trained and controlled egos. In section II of chapter III, proposals were made concerning the behavior and attitudes of the entrepreneurial type and what he demanded of the organization, and for this reason it will only be briefly restated at this point. These men claim to and apparently do reject traditional incentives such as money and position (tools of the traditional 'stick and carrot' routine). They trust the corporate system to distribute just rewards and are confident in their ability to earn them, given the opportunity. Therefore, as a result of the influence of their egoism and aggressiveness they emphasize and derive satisfaction from the availability to them in the work environment of opportunities for impact and others-given dynamic accelerators such as responsibility, control, challenge, recognition and feedback.

The question is: Can the business organizations, will the business organizations, and should the business organizations, accede to the demands of these entrepreneurial upstarts? The answers are: yes they should, yes they can, and yes they will.

Firstly, the large business organizations must innovate, change, and adapt to change if they are to perpetuate their form as an efficient unit of production in the economy. The entrepreneurial type has already been characterized as the bearer of the mechanism of change. He may be further characterized as being both proactive and reactive--he is a performer. With respect to the relationship between the receipt of rewards and his services: he demands nothing for nothing. In addition, as far as behavioral sciences can determine, there is no other type of individual with the moral fortitude, attitudes, and tenacity capable of resisting the natural forces and pressures for stability which make
innovation difficult in most established organizations. Yes, they should accede to the demands of these entrepreneurial upstarts. Yes, they must!

Secondly, the question of how the large organization can meet the demands of the entrepreneurial type is a serious dilemma. It is possible that no corporate structure is flexible enough to retain those individuals who basically would rather 'grow a garden than tend it.' However, there are various basic guidelines that could be observed:

(1) Management should recognize that the vitality and the stability of the organization in an extremely competitive and rapidly changing environment, is in the final analysis, dependent on the development of individual initiative in the organization and not on the development of conformity to a model pattern of organizational subservience.

(2) In line with the forementioned guideline, organizations must recognize the need for heterogeniety and flexibility in leadership patterns, organizational structure, and types of leadership skills required.

(3) Management must realize that the entrepreneurial type is not anti-business, but he is anti-management; they have a fear and a dislike of being managed, of being manipulated. One does not emphasize authority and chain of command to these young professionals who are striving to make original contributions to the company. Rather, management should describe and practice a mode of management designated by Everett Hughes as "participative-consultive."5

(4) Management should recognize that these organizational entrepreneurs want basically to feel that they are in business for themselves. However, there is truth in the proposition that they appreciate
the necessary muscle that the financial, personnel and other resources possessed by the large organization give to their programs of achievement for the company and for themselves. In view of this it is possible that the entrepreneurial type may derive the same reward—if given the chance—from playing a participatory role in bigger ventures as he would from playing a leading role in smaller enterprises. If the organization can institute that type of organizational system then it will render excellent opportunities to develop and test the entrepreneurial individual. As Hughes describes this process, "each qualified professional on the team must have his own objectives and make his own tactical plans. He must have the opportunity to contribute individually and visibly. His ego-drive will then be satisfied. At the same time his work objectives—the contribution he seeks to make to the team goal—will be approved and coordinated by his manager." In reality, the organizational entrepreneur is temporarily laying aside his prime objective of obtaining autonomous control of some aspect of the firm's operations, or in other words, of being a team leader. However, the independence and responsibility that he is given under 'participatory-consultive' management methods does render some sort of dynamic and impact satisfaction to the extent that he does not abandon the situation and seek opportunities elsewhere. In addition, the organizations keep the services of this very valuable individual while not endangering its organizational unity. In this process it is vital that the individual not be asked to lay aside his prime objective, even in the interests of supposed development, for too long a time period.
The forementioned guidelines give a general idea how the demands of the organizational entrepreneur may be approached. In essence, they indicate that he be given the responsibility and authority that he demands. This can be done; but management also has a responsibility to the organization, and, therefore, to accede to the demands of the organizational entrepreneur requires both courage and judgment. If he is given what he wants then the only defense against error is, "constant and stringent training and retreading on the job." In the words of Hughes which are extremely relevant to the entrepreneurial situation, "the package which industry must provide for the professional might be labelled, "trust and train, with feedback." \(^7\)

The accommodation of the entrepreneurial type individual in the large business organization is a function of enlightenment. Fortune's surveys \(^9\) indicated that many large organizations are aware of the changes that have to be made in their organizations, and they are attempting to make them wherever possible. For instance, some three out of four executives surveyed by Fortune indicated that they were revising their tables of organization with an eye to increasing job satisfaction by broadening the base of management and allowing more executives the opportunity to run a piece, if only a small piece, of the company show. In addition executives were implementing programs offering stock options, recognition-satisfaction, cash bonus incentives, and responsibility-challenge, to appeal to the entrepreneurial achievement-motivated individuals. Large scale business organizations are aware that their continued dominance in the economic scene depends on their ability to attract and hold the individual with the skills, attitudes, habits of mind, and kinds of knowledge and understanding that are the instruments
of continuous change and growth. They should, can, and will change their organizations to attract and hold the individual with these qualities—the organizational entrepreneur.
FOOTNOTES FOR CHAPTER IV.


3. It is important to note that one of the increasingly serious problems of society is placing these men that are 'obsolete' at the jobs they customarily perform in the organization, and who cannot be expected to step 'down' so they are asked to step 'out.'

4. Everett C. Hughes, "Preserving Individualism on the R&D Team," Harvard Business Review, XLVI (January-February, 1968), p. 73. Although Hughes was not specifically writing about the entrepreneurial types, he was referring to an individualistic mode of behavior, and his propositions are quite applicable to the entrepreneurial type individual.

5. Ibid., p. 73.

6. Ibid., p. 76.

7. Ibid.

8. Ibid.

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