Factors influencing effective entrepreneurship development in organization.

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Abstract:
Entrepreneurship as the process of planning and organizing a small business venture, marshalling of people and resources to create, develop, and implement solutions to problems to meet people’s needs, entrepreneurial performance results from a combination of industry knowledge, people skills, general management skills, and personal motivation.

The successful entrepreneur must not only use these skills, but learn to use them and to learn from them. The main objective of this paper is to throw light on the factors that have to be developed in order to cultivate successful entrepreneurship. The secondary data analysis was adopted to assess the competitive advantage of entrepreneurship strategies in developing organizations. The paper demonstrated that Entrepreneurs should constantly audit their abilities in these areas, recognize their strengths and shortcomings, and plan how to develop those skills in the future. To make change that will lead to great performance, entrepreneurs must focus first on changing themselves before they try to change the rest of their people.

Key words: Entrepreneurship, Intrapreneurship, Innovation

1. Introduction
The modern world is characterized by change. Every day we hear of shifts in political orders, developments in economic relationships and new technological advancements. These changes feed off each other and they are global. Developments in information technology allow capital to seek new business investment opportunities ever more efficiently. Success is sought out more quickly; failure punished more ruthlessly. Customers expect continuous improvement in the products and services they consume. As a result, businesses have to become more responsive. In order to keep their place in their markets they have to innovate more quickly. In order to compete, they have to
become more agile. This is not just an issue for profit-making organizations but for all corporate bodies. Consequently, the world is demanding both more entrepreneurs and more of intrapreneurs. Intrapreneur is considered as a person with entrepreneurial skills who is employed in a corporation to launch new products; such people take hands-on responsibility for creating innovation of any kind in an organization.

In the mature economies of the western world they provide economic dynamism. The fast growing businesses they create are now the main source of new job opportunities. Change presents both opportunities and challenges. The opportunities come in the shape of new possibilities, and the chance for a better future. The challenges lie in managing the uncertainty these possibilities create. By way of a response to this challenge, we must aim to take advantage of the opportunities while controlling and responding to the uncertainties. This response must be reflected in the way we manage our organizations. In short: we must become more entrepreneurial. To do this we must understand how effectively encourage passion that drives the entrepreneur to seek opportunity, take risk, and keep going forward when all around him or her are saying, “It’ll never work.”

As this paper attempts to throw light on the factors that have to be developed in order to cultivate successful entrepreneurship spirit among potential enterprising young generation, the major objective of this article was to develop an effective entrepreneurship in terms of content, skills and behavior, mentality and personality and to determine the factors favorable to the development of effective entrepreneurship and determine the different qualities, skills, and abilities needed to make a successful entrepreneur.

Additionally, this paper may benefit the students at all levels by making them aware of the possibility to develop an effective entrepreneurship and, it may motivate readers not to be afraid to engage themselves in entrepreneurial activities. Moreover, this paper may also contribute to entrepreneurs in training with a useful guide in the selection of subjects’ contents relevant to meet the needs of entrepreneurs in training sessions.

Finally, this paper is based on the review of literature and studies. Intra-individual differences in how every author considered views on the effective entrepreneurship may have an effect on the degree of author’s perceptions of effective entrepreneurship.

2. Overview of entrepreneurship considerations

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2.1 Professional entrepreneur.
Because of the resources available today to Entrepreneurs, we are also seeing a new kind of entrepreneur: the professional entrepreneur. As business writer Tom Richman puts it, “Professional entrepreneurs today don’t just have great ideas; they have great education and know how to plan their execution and know which capital sources to approach.

Inc. Magazine’s State of Small Business Edition for 1997 painted a portrait of the new entrepreneur for the 21st century that has replaced the lone gunslinger, shoot-from-the-hip image that pervaded for decades. Figure 1 depicts the new Entrepreneur. This new entrepreneur is something entirely different from traditionally made entrepreneur who lacked education, ran his business by the seat of his pants, took risks, and firmly believed that entrepreneur are born, not made.

Figure 1: New Entrepreneur
2.2 The Entrepreneur personality

a) The “Great person”.
An immediate reaction when faced with an entrepreneur, or indeed anyone with influence and social prominence such as a leading statesman, an important scientist or a successful artist is to regard them simply as being special: as a ‘great person’ who is destined by virtue of their ‘nature’ to rise above the crowd. Such people are born to be great and will achieve greatness, one way or another. Such view often underlies the approach biographers take to important people.

b) Social misfit.
Another view which forms a marked contrast to the great person view but which also has a great deal of currency is the idea that entrepreneurs are social misfits at heart. In this view someone is an entrepreneur for an essentially negative reason: they are unable to fit into existing social situations. As a result the entrepreneur is driven to create their own situation. It is this that provides the motivation to innovate and build new organization.

2.3 Characteristics of Effective Entrepreneur

A great idea won’t make it without great management

Arthur Rock (1991) said that a great idea won’t make great manager. Good entrepreneurs are tough-minded with themselves and with their teams. They can make hard decisions. They have to be able to say, “No, that won’t work” to colleagues who come to them with ideas, or to say,” That is a good idea but we can’t do it because we have other priorities.” To make such professional judgments, managers should ideally be well versed in the technology on which the company is based.

He adds that after all, a good idea, unless it’s executed, remains only a good idea. Good managers, on the other hand, can’t lose. If their strategy doesn’t work, they can develop another one. If a competitor comes along, they can turn to something else.

An effective entrepreneur guide to improving performance

Stayer (1991) suggests that for getting better performance from any group or individual, yourself included, means a permanent change in the way you think and run your business. Change of this kind is not a single transaction
but a journey, and the journey has a specific starting point and a clear destination. According to him, the journey is based on six observations about human behavior that can make faster progress and fewer mistakes.

1. People want to be great. If they aren’t, it is because management won’t let them be.

2. Performance begins with each individual’s expectations. Influence what people expect and you influence how people perform.

3. Expectations are driven partly by goals, vision, symbols, semantics, and partly by the context in which people work, that is, by such things as compensation systems, production practices, and decision-making structures.

4. The actions of managers shape expectations.

5. Learning is a process, not a goal. Each new insight creates a new layer of potential insights.

6. The organization’s results reflect the manager and his performance. If the manager wants to change the results, he has to change himself first. This is particularly true to the manager, the owner and CEO, but it is equally true for every employee.

So to make the changes that will lead to great performance, Ralph recommends entrepreneurs to focus first on changing themselves before they try to change the rest of their people.

In the same way, Thayer (1991), a humanities professor at the University of Wisconsin argued that since performance is the key to organizational success, management’s job is to establish the conditions under which superb performance serves both the company’s and the individual’s best interests.

3. **Factors influencing entrepreneurial performance**

Entrepreneurial performance results from a combination of industry knowledge, people skills, general management skills, and personal motivation (figure 2). The successful entrepreneur must not only use these skills, but learn to use them and to learn from using them. Entrepreneur should constantly audit their abilities in these areas, recognize their strengths and shortcomings, and plan how to develop these skills in the future.
An effective entrepreneur works in the right environment

Success as an entrepreneur requires being committed to a business or an idea. Commitment involves long hours and an abundance of energy. If entrepreneurs work in the wrong field, they will not be able to make the necessary commitment over the long haul.

Goal setting in an environment you enjoy is stimulating and exciting. Since the choice of a vocation represents a great commitment on the part of the entrepreneur, it must be in a field of interest and enjoyment.

An effective entrepreneur and Human resource

The effective entrepreneur knows the importance of having the right personnel. Without the right personnel, a business will flounder. Finding and keeping good employees requires competent performance of three management functions: Staffing, directing, and controlling.

In fact, businesses are made by people. A business can only be successful if the people who make it up are properly directed and are committed to make an effort on its behalf.

Entrepreneurs must realize the importance of creating a well-coordinated team of employees that are well schooled in creating and /or selling product or service. Creating a good team is achieved through effective leadership in a challenging and responsive environment. Entrepreneurs who are good managers participate with employees as coworkers, not exclusively as supervisors.

Small business owners must interview candidates carefully and train employees
well. They must stay within budget guidelines when deciding how many people to employ.

An effective entrepreneur is a skilled person
An entrepreneur is someone who has a good business idea and can turn that idea into reality. To be successful, an entrepreneur must not only identify an opportunity but also understand it in great depth.

To be effective, an entrepreneur needs to demonstrate a wide variety of skills in the way he or she deals with other people.

Some important general management business skills include strategy skills, planning skills, market skills, financial skills, project management skills, time management skills, leadership skills, motivational skills, delegation skills, communication skills, and negotiation skills

An effective entrepreneur must understand the entrepreneur’s tasks

1) Owning Organizations. Ownership lies with those who invest in the business and own its stock: the principals, while the actual running is delegated to professional agents or managers. These two roles are quite distinct. Therefore if an entrepreneur actually owns the business then he or she is in fact undertaking two roles at the same time: that of an investor and that of a manager.

2) Founding new organizations. The entrepreneur is recognized as the person who undertakes the task of bringing together the different elements of the organization (people, property, productive resources, etc.) and giving them a separate legal identity.

Many people we recognize as entrepreneurs “buy into” organizations that have been already founded and then extent them, develop them, or absorb them into existing organizations.

3) Bringing innovations to market. Innovation is a crucial part of the entrepreneurial process. Peter Drucker (1995) proposed that innovation is the central task for the entrepreneur-manager. Entrepreneurs must do something new or there would be no point in them entering a market. The idea of innovation encompasses any new way of doing something so that value is created. Innovation can mean a new product or service, but it can also include a new way of delivering an existing product or service, new methods of informing the consumer about a
product and promoting it to them, new ways of organizing the company, or even new approaches to managing relationships with other organizations.

4) Identification of market opportunity. An opportunity is a gap in a market where the potential exists to do something better and create value. New opportunities exist all the time, but they do not necessarily present themselves. The identification of new opportunities is one of the key tasks of entrepreneurs. They must constantly scan the business landscape watching for the gaps left by existing players (including themselves) in the marketplace.

5) Application of expertise. It has been suggested that entrepreneurs are characterized by the way that they bring some sort of expertise to their jobs. This expertise may be thought to lie in their ability to innovate or spot new opportunities. A slightly more technical notion is that they have a special ability in deciding how to allocate scarce resources in situations where information is limited.

6) Provision of leadership. One special skill that entrepreneur would seem to contribute to their ventures is leadership. Leadership is increasingly recognized as a critical part of managerial success. Entrepreneurs can rarely drive their innovation to market on their own. They need the support of other people, both from within organization and from people outside such as investors, customers and suppliers.

Qualities of Successful Entrepreneurs

Moorman & Halloran (1996) proposes necessary personal characteristics of successful entrepreneurs as follows:

1. Entrepreneurs must possess the confidence to make decisions. The entrepreneur must demonstrate that they not only believe in themselves but also in the venture they are pursuing. After all, if they don’t; who will? Also, decision makers must be confident in their abilities. When a decision turns out to be wrong, entrepreneurs need the confidence to bounce back, because they will immediately face another decision to make.

2. Entrepreneurs need to have determination and perseverance. Unfortunately, there will be times when things will look quite bleak.
Entrepreneurs must be willing to persist until the objective is achieved.

5. **Successful entrepreneurs should possess creativity.** Why do some businesses selling the product or service succeed while others do not? The successful entrepreneur is doing something better than the competition. A very competitive marketplace is dominated by those who can think and move quickly to attract customers.

6. **Successful entrepreneurs have a need to achieve.** They are constantly setting new goals. The challenge of attaining those goals is fun for them. Very wealthy entrepreneurs do not need to continue to expand their business or earn more money for financial reasons – they get most of their satisfaction from achieving goals they have set.

Sexton & Kasarda (1992) propose some other characteristics of successful entrepreneurs as follows:

- **Hard work** – Entrepreneurs put a lot of physical and mental effort into developing their ventures. They often work long and anti-social hours. After all, an entrepreneur is their own most valuable asset. That said balancing the needs of the venture with other life commitments such as family and friends is one of the great challenges which faces the entrepreneur.

- **Self-Starting** - Entrepreneurs do not need to be told what to do. They identify tasks for themselves and then follow them through without looking for encouragement or direction from others.

- **Setting of personal goals** – Entrepreneurs tend to set themselves clear and demanding goals. They benchmark their achievements against these personal goals. As a result, entrepreneurs tend to work to internal standards rather than look to others for assessment of their performance.

- **Resilience** – Not everything goes right all the time. In fact, failure may be experienced more often than success. The entrepreneur must not only pick themselves up after thing have gone wrong but learn positively from the experience and use that learning to increase the chances of success the next time around.

- **Receptiveness to new ideas** – they must recognize they own limitations and the possibilities that they have to improve their skills. They must be willing to revise their
ideas in the light of new experiences.

- **Assertiveness** – means a commitment to outcomes, not means. True assertiveness relies on mutual understanding and is founded on good communication skills.

- **Information seeking** – they are never satisfied by the information. They have at any one time and constantly seek more.

- **Eager to learn** – Good entrepreneurs are always aware that they could do things better. They are aware of both the skills they have and their limitations, and are always receptive to a chance to improve their skills and to develop new ones.

- **Attuned to opportunity** – the good entrepreneur is constantly searching for new opportunities. In effect, this needs that he is never really satisfied with the way things are any moment in time.

- **Receptive to change** – entrepreneur is always willing to embrace change in a positive fashion that is presented by change rather than resist them.

- **Commitment to others** – Good entrepreneurs are not selfish. They recognize the value that other people bring to their ventures and the importance of motivating those people to make the best effort they can on its behalf.

3. DISCUSSIONS

A. **The Entrepreneurial organization, a learning organization**

It must not only respond to opportunities and challenges but must also reflect on the outcomes that result from that response and modify future responses in the light of experience. The venture cannot afford to acquire assets and set up structures and systems which are incapable of evolving as the organization develops.

The entrepreneurial organization constantly learns from its successes and failures. The figure 3 shows the mechanism of a lifelong learning through successes and failures recorded by an entrepreneurial organization.
B. Resources needed by entrepreneurs

In broad terms, there are three sorts of resource that entrepreneurs can call upon to build their ventures.

1) **Financial resources** – Resources which take the form of, or can be readily converted to, cash.

2) **Human resources** – People and the efforts, knowledge, skill and insights they contribute to the success of the venture.

3) **Operating resources** – The facilities which allow people to do their jobs: such as buildings, vehicles, office equipment, machinery and raw material, etc.

What entrepreneur must do to be competitive is that they must combine the resources (figure 5) they have access to in a unique and valuable way. That is to innovate with them and then they must make those resources work harder than their competitors do. It is this which ultimately enables the entrepreneur to deliver new value to the customer.
C. An Entrepreneurial organization is successful if it meets the aspirations of its founders or stakeholders.

In order to do this it must survive and prosper in the marketplace. It must attract resources, reward its stakeholders for their contributions and be financially secure. Every venture is different, but a common set of factors lies behind every successful business. The following are the factors necessary to effectively start and run a successful new venture.

- **The organization should exploit a significant opportunity.** The opportunity spotted by the entrepreneur is real and significant. The venture is faced with the possibility of delivering sufficient value to a large enough number of customers to make the business viable.

- **The opportunity the organization aims to exploit should be well-defined.** The venture must be clear as to why it exists. It must understand the nature of the opportunity it aims to exploit. This may be codified in the form of a mission statement.

- **The innovation on which the organization is based should be valuable.** The innovation behind the venture, that is its new way of doing things, must be effective and different from the way existing businesses operate. Recognizing an opportunity, and innovating to exploit it, can only occur if the entrepreneur thoroughly understands the market and the customers who make it up.

- All new ideas, no matter how good, must be scrutinized in the light of what the market really want.

- **The entrepreneur should bring the right skills to the organization.** The entrepreneur possesses the right knowledge and skills to build
the organization to exploit the opportunity. These include knowledge of the industry sector they are working in, familiarity with its products and markets, general management skills and people skills such as communication and leadership. The entrepreneur must not only have these skills, but also be active in refining and developing them.

- **The business should have the right people.** Entrepreneur rarely work alone. They draw other people into their ventures to work with them. The business as a whole must have the right people working for it. Entrepreneurs do not need to employ copies of themselves; rather they need people with skills and knowledge to complement their own.

- **Effective use of the network.** Successful entrepreneurs, and the people who work with them, use the network in which the organization finds itself to good effect. The new venture must enter an existing network of relationships and, in doing so, modify that network of relationships. If the venture is to enjoy long-term success it must do this in a way which increases the overall value of the network to those who make it up.

  The network must addresses the following relationships:
  - Relationship with investors
  - Relationship with suppliers
  - Relationship with employees
  - Relationship with customers

Then the network will make resources and information available to the venture and will be prepared to share some of its risks.

- **Financial resources should be available.** The venture can only pursue its opportunity if it has access to the right resources. Financial resources are critical because the business must make essential investments in productive assets, pay its staff and reimburse suppliers. The entrepreneur must attract financial resources from investors and then make them work as hard as possible to progress the venture.

- **The venture should have clear goals and its expectations should be understood.** A venture can only be successful if it is seen to be successful. This means that it must
set clear and unambiguous objectives to provide a benchmark against which performance can be measured. The business must be sure of exactly what its customers want if it expects them to buy its offerings. Understanding expectations is also important in dealing with employees since it is the starting point for motivating them. The entrepreneur must learn to recognize and manage the expectations of all the venture’s stakeholders.

• **Finally, self-motivation and motivating others should be an entrepreneurs’ priority.**

People work best when they are motivated to do so. The entrepreneur cannot demand effort from someone; they must support the individual and encourage them to offer their efforts.

Definitely, the first person whose motivation the entrepreneur must address is his or her own! It is difficult, if not impossible, to motivate others if one’s own motivation is lacking.

Once self-motivation has been achieved the entrepreneur is in a strong position to start motivating others and walk firmly towards success of the business.

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**Figure 5: Proposed framework of successful implementation of Entrepreneurship**

![Diagram showing processes and characteristics related to entrepreneurship]

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176
CONCLUSION

Fast growing entrepreneurial organizations need employees who regularly demonstrate entrepreneurial characteristics and work habits. Management of entrepreneurial companies must work diligently to recognize, identify and attract this type of employee during the recruitment process to assure a steady stream of the people with the right competencies to fuel the growth of the venture. Beyond that, the employee must have the basic skills set of sound business judgment, practical hands-on experience, and general management skills and common sense. He must be committed to and contribute to the organization’s vision and mission and must convey this commitment in multiple ways, written, verbal and by actions. To build successful organization, it needs more than ever an awareness, understanding and interest in the technology trends what affect the venture as well as its customers.

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