Resourcefulness: A Proximal Conceptualisation of Entrepreneurial Behaviour

SASI MISRA
E. SENDIL KUMAR

The conceptualisation of the 'entrepreneurial resourcefulness' model helps one to understand various aspects prompting an entrepreneur to identify opportunities and thereby regulate and direct her/his behaviour to make the best use of these opportunities. The model elaborates three entrepreneurial competencies—cognitive, affective and action oriented. Various details of these competencies are elaborated to explain the behaviour pattern of an entrepreneur. The model treats the behaviour of an entrepreneur as an outcome variable and acknowledges that there are significant variations in the behaviour of one entrepreneur from the other. This article helps in resolving the doubts and confusions surrounding the conceptualisation of the terms 'entrepreneur' and 'entrepreneurship'. The resourcefulness model clarifies these confusions and contributes towards both theory advancement and generating new research hypotheses.

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A surfeit of different models and theories of entrepreneurship exist, each seeking to identify and explain the effects of a variety of attributes and personality traits upon new ventures. Common to these theories and models, however, is a deficit of their rigorous empirical testing. In many studies, conclusions have been drawn on exploratory case analyses or cross-cultural census-taking studies.¹

In the North American context, research into the question as to what causes an entrepreneur reflects both a strong bias for distal motivational concepts (needs, personality, interests, motives, etc.) and frequent disenchantment with this line of research.² Despite growing interest in the phenomenon of entrepreneurship in the past decade, understanding of the construct remains limited and ambiguous. Many researchers do not

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explicitly distinguish between an entrepreneur and entrepreneurship (per se) and often offer tautological definitions. For example, Stevenson et al. defined entrepreneurship as the pursuit of an opportunity irrespective of existing resources. Bygrave and Hofer defined an entrepreneur as one who perceives an opportunity and creates an organisation to pursue it. The definitional confusion is readily apparent. Furthermore, Covin and Slevin have introduced additional confusion by viewing entrepreneurship as firm behaviour by arguing: 'organisations, per se, can behave in entrepreneurial manners. Entrepreneurial organisations are those in which particular behavioural patterns are recurring. These patterns pervade the organisation at all levels . . .' (p. 7). Thus, the conceptual and theoretical confusions have resulted in an inadequate understanding of the notion of entrepreneurship and the processes underlying the concept.

The aims of this article are two-fold—to clarify the definitional issues and propose a framework for researching into entrepreneurial behaviour. This framework purports to integrate both cognitive and motivational aspects of behaviour through recognition of both choice and volition. In advocating this position, we subscribe to the view that an individual's psychological profile does not necessarily make him an entrepreneur, but his behaviour and actions do. Central to this framework is the notion of resourcefulness advanced by Kanungo and Misra. The concept of resourcefulness identifies and explicates a set of fundamental generic cognitive characteristics called competencies in the managerial context. We argue here that adoption of the resourcefulness model has relevance for a fresh conceptualisation of entrepreneurial behaviour as well. It is hoped that it would contribute to the advancement of both entrepreneurship theory and hypothesis-generating research in this field.

The Construct of Entrepreneurship

Tables 1 and 2 provide representative lists of definitions of the terms entrepreneur and entrepreneurship, respectively. A perusal of the two tables indicates that the fundamental difference underlying the use of the two terms is that the former refers to the content of the phenomenon, while the latter refers to the process.

While we do not dissent with the scholars who focus on the content of the entrepreneurial phenomenon, the results of this line of inquiry remain descriptive rather than explanative. Therefore, we invite greater attention of researchers to the entrepreneurial process.
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TABLE 1
Definitions of Entrepreneur

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>Schumpeter (1934)</td>
<td>An entrepreneur is a person who carries out new combinations, causing discontinuity. The carrying out of new combinations can include a new good or quality of a good, a new method of production, opening of a new market, conquest of a new source of raw materials or the reorganisation of any industry.</td>
</tr>
<tr>
<td>Hoselitz (1960)</td>
<td>The entrepreneur is one who buys at a price that is certain and sells at a price that is uncertain.</td>
</tr>
<tr>
<td>Leibenstein (1968)</td>
<td>An entrepreneur is one who marshals all resources necessary to produce and market a product that answers a market deficiency.</td>
</tr>
<tr>
<td>Kirzner (1985)</td>
<td>An entrepreneur is one who perceived profit opportunities and initiated action to fill currently unsatisfied needs.</td>
</tr>
<tr>
<td>Bygrave and Hofer (1991)</td>
<td>An entrepreneur is one who perceives an opportunity and creates an organisation to pursue it.</td>
</tr>
</tbody>
</table>

TABLE 2
Definitions of Entrepreneurship

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<tr>
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</thead>
<tbody>
<tr>
<td>Cole (1968)</td>
<td>Entrepreneurship is purposeful activity to initiate, maintain and develop a profit oriented business.</td>
</tr>
<tr>
<td>Drucker (1985)</td>
<td>Entrepreneurship is an act of innovation that involves endowing existing resources with new wealth producing capacity.</td>
</tr>
<tr>
<td>Gartner (1985)</td>
<td>Entrepreneurship is the creation of new organisations.</td>
</tr>
<tr>
<td>Hisrich and Peters</td>
<td>Entrepreneurship is the process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of monetary and personal satisfaction.</td>
</tr>
<tr>
<td>Stevenson et al. (1989)</td>
<td>Entrepreneurship is the pursuit of an opportunity irrespective of existing resources.</td>
</tr>
<tr>
<td>Kaish and Gilad (1991)</td>
<td>Entrepreneurship is the process of first, discovering, and second, acting on a disequilibrium opportunity.</td>
</tr>
<tr>
<td>Herron and Robinson (1993)</td>
<td>Entrepreneurship is the set of behaviours that initiates and manages the reallocation of economic resources and whose purpose is value creation through those means.</td>
</tr>
</tbody>
</table>
An examination of Table 2 suggests that there is a great deal of diversity among the definitions of entrepreneurship. First, they seem to be closely linked to notions such as innovation, opportunity recognition, profit, economic growth, venture creation and change. Second, entrepreneurship has been variously conceptualised as a characteristic, a behaviour, an activity and a social role, each reflecting the content-domain of a specific discipline. For example, while the characteristics of entrepreneurs are of interest to psychologists, their behaviour preoccupies economists. Finally, there is some confusion about whether entrepreneurship involves single or multiple actors or if it is an organisational-level phenomenon. As mentioned earlier, the level of analysis has become even more contentious with Covin and Slevin's view of entrepreneurship as firm behaviour. Thus, it is apparent that the quest for a unified definition of entrepreneurship, which is inclusive of the multitude of disciplinary viewpoints, is akin to the hunt for the Holy Grail. We concur with Gartner et al.:

The garden of entrepreneurial theories is ready for a variety of seeds from many different disciplines and perspectives. As our field emerges, it might begin to look more like a weed patch, rather than a neatly cultivated garden. At this stage in our development, 'weediness' should be encouraged (p. 27).

However, while we recognise that entrepreneurship is too complex a phenomenon to be explained by any single set of factors, the greatest benefit is to be obtained by focusing on entrepreneurial behaviour. Concentrating on actions rather than on characteristics or dispositions will be more fruitful. It will help push the frontiers of entrepreneurship theory by selecting those aspects of entrepreneurial behaviour which are most significant and determine the generality with which they are found.

We do not wish to add to the definitional diversity by adding our own definitions of entrepreneur and entrepreneurship. However, in order to delineate the boundaries of the resourcefulness model, we propose a working definition of entrepreneurship as 'a process of opportunity identification and the creation of an organisation to exploit the opportunity'. It may be noted that the definition recognises the construct to be manifest at multiple levels of analysis and proposes no normative restrictions on the definition (such as success of the venture). Thus, entrepreneurial behaviour is defined as the constellation of functions, activities and actions involved in the perception of opportunities and the creation of organisations. Having examined the limitations of our understanding of the
entrepreneurial phenomenon owing to pesky definitional problems and misconceptions about the construct, we have attempted to reason and present an alternative model of entrepreneurship that focuses on acts rather than dispositions.

Model of Entrepreneurial Behaviour

Figure 1 presents a heuristic model of entrepreneurial behaviour through integration and augmentation of the existing literature. The model contains five main factors—background factors (demographic and psychological characteristics), attitude, situation, intention, entrepreneurial environment, entrepreneurial resourcefulness and entrepreneurial behaviour. Explanations and brief reviews of each of these factors are provided in the following sections.

Background Factors

The background factors that could have an impact on entrepreneurial behaviour may be divided into two broad categories: demographic characteristics and psychological characteristics. The background factors that have been included are believed to be temporally as well as situationally invariant. This is at variance with more recent paradigms such as contingency perspectives and population ecology, which posit entrepreneurial behaviour to be contextually grounded. However, since these approaches have provided a substantial background to entrepreneurship, they have been integrated into the model.

Demographic Characteristics: This line of research has employed demographic information to develop a typical profile of an entrepreneur. The variables examined under this agenda have been family background, birth order, age, educational level of parents, sex, marital status, previous work experience, etc.23

Robinson et al., after a thorough review of the literature, concluded that this body of research suffers from three main deficiencies: (a) the assumption that certain demographic characteristics lead to similar experiences in life has been disproved; (b) many researchers use demographic characteristics as surrogates for personality characteristics, which is again an extension of the assumption just stated; and (c) this line of research has been woefully inadequate in predicting who will or will not be an entrepreneur, which is ultimately the acid test of the theory.24
FIGURE 1

Model of Entrepreneurial Behaviour

Entrepreneurial behaviour

Entrepreneurial resourcefulness

Entrepreneurial environment

Situation

Attitude

Attitude

Demographic factors

Psychological factors

Note: √ indicates mediated relationship.
overwhelming criticism against this line of research, we thought it pertinent to include this dimension in our model under the assumption that these variables may influence the more proximal constructs such as attitude and intention.

**Psychological Characteristics:** This line of research sought to identify the psychological characteristics unique to entrepreneurs. The approach spanned the gamut of measurement of personality traits to uncover motivational tendencies of entrepreneurs. This line of inquiry began with the work of McClelland, who explored the need for achievement, power and affiliation of entrepreneurs.\(^{25}\) This was the approach of many American researchers who attempted to set apart entrepreneurs from the general populace on dimensions such as achievement motive, locus of control, risk taking and values.\(^{26}\) Once again, this line of research did not bear fruit. It was found that managers and entrepreneurs did not differ in substantial ways on the psychological characteristic measured.\(^{27}\) In fact, there was significant diversity in the psychological profiles of entrepreneurs themselves.\(^{28}\) However, this category of variables is once again being included in this model due to the insights it has offered towards an understanding of the term entrepreneur.

**Attitude**

Although there is no perfect correlation between attitude and behaviour (ranging from 0.4 to 0.7), the variance explained is significant enough to include them in the model.\(^{29}\) Research in this area as applied to entrepreneurship has been relatively scarce. However, more recently, Robinson et al. found that an entrepreneurial attitude orientation scale significantly differentiated between entrepreneurs and non-entrepreneurs.\(^{30}\) Therefore, it is posited that:

"Attitude towards entrepreneurship is a function of the demographic and psychological characteristics and their interaction."

**Situation**

There is a small body of literature that investigated the actual situation that has caused the decision or intention to start a new venture. K.E. Learned suggests that for some it may be a trigger event (layoff from work, dissatisfaction with the present work, etc.) that stimulates an intention
to found a business, while for others it may be the cumulative effects of various situations over time.\textsuperscript{31} Shaver et al. have found that the motivation for attempting to found a business is frequently personal, such as the desire to work for oneself.\textsuperscript{32} Brockhaus and Horwitz suggest that an entrepreneur may compare entrepreneurial activity with the current situation and may choose the former.\textsuperscript{33} Hisrich found that the number of new business listings in the Yellow Pages increased by 12 per cent during a layoff period.\textsuperscript{34} Two work environments which tend to serve as incubators for potential entrepreneurs are research and development, and marketing. Although research along this line may overlap with research on the demographic characteristics of the entrepreneur, we chose to distinguish the two due to the former's greater proximity to entrepreneurial behaviour. Therefore, it is posited that:

The current situation faced by the (potential) entrepreneur mediates the relationship between entrepreneurial attitude and intention.

\textit{Intention}

Bird defines intentionality to be a state of mind that directs a person's attention towards a specific goal or path in order to achieve something.\textsuperscript{35} Entrepreneurial intentions are aimed at the creation of new ventures or creating new values in existing ventures.\textsuperscript{36} Bird in a conceptual paper develops a model depicting the context of entrepreneurial intentions.\textsuperscript{37} The author argues that the personal history of the entrepreneur, his current personality and abilities interact with social, political and economic factors to create the context for entrepreneurship, which in turn influences: (a) the person's rational, analytic and cause–effect processes, and (b) the intuitive, holistic and contextual thinking frames, giving rise to entrepreneurial intentions. The model then concludes with providing a link towards action. Therefore, it is posited that:

Entrepreneurial intentions are influenced by the attitude towards entrepreneurship, mediated by the situational factors.

\textit{Entrepreneurial Environment}

An entrepreneurial environment refers to the combination of external factors that influence entrepreneurial behaviour.\textsuperscript{38} It subsumes the gamut of overall cultural, economic, political and social factors that enhance or under-
mine an individual’s propensity to undertake entrepreneurial activities and also the training, assistance and non-financial support available to entrepreneurs.

Gnyawali and Foget grouped the entrepreneurial environment into five dimensions—government policies and procedures (import/export restrictions, entry barriers, etc.); socio-economic conditions (public attitude towards entrepreneurship, presence of experienced entrepreneurs, etc.); entrepreneurial and business skills (entrepreneurial training programmes, availability of information, etc.); financial support to business (venture capital, low-cost loans, etc.); and non-financial support to business (counselling and support services, entrepreneurial networks, etc.). The authors review the existing literature on environments for entrepreneurship and list the empirical evidence for the factors that they posit influence entrepreneurial activity. Therefore, we propose that:

Entrepreneurial environments mediate the relationship between entrepreneurial intentions and entrepreneurial resourcefulness.

The Concept of Resourcefulness

Before delving into entrepreneurial resourcefulness, some background on the concept of resourcefulness and its relevance to the entrepreneur is in order. We have drawn upon the notion of resourcefulness in Meichenbaum’s cognitive behaviour therapy research which refers to the ability to self-regulate and direct one’s behaviour to successfully cope with difficult, stressful and challenging situations. Three ideas emerge from this definition, which is germane to the present article: (a) the idea of coping strategies which result in successful adaptation to environmental demands, which is complementary to one of the theoretical pillars of entrepreneurship research—the strategic adaptation perspective; (b) the idea that since all individuals differ in their learning or socialisation experiences, there would be individual differences between as well as within homogeneous groups (such as managers or entrepreneurs) showing widely varying levels of resourcefulness; and (c) the central idea of self-regulation that rubricates the role of volition and its proximity to behaviour, and its applicability to various roles that an individual may take up in life (like manager, entrepreneur, politician and social worker).

In a recent paper, Kanungo and Misra employed the concept of resourcefulness to explain management skills. They argued that managerial competencies could be viewed as components of resourcefulness that
represented the learned abilities of managers to employ self-regulating and self-controlling procedures on their jobs. The present article borrows from their conceptualisation of managerial resourcefulness to develop the concept of entrepreneurial resourcefulness. Table 3 presents a preliminary list of dimensions on which entrepreneurs and managers are believed to differ as a basis for an argument highlighting the need for a theory of entrepreneurial resourcefulness. However, it may be noted that the terms manager and entrepreneur are used here in the sense of ideal types. The characteristics of each type may be present in the other to a greater or lesser degree. In fact, we may even tentatively conjecture that a successful entrepreneur is a manager and something more. Therefore, while conceptually the two types of resourcefulness are the same, the operationalisations in the two instances will vary due to the change in the subject (that is, manager and entrepreneur) and his/her functions.

### TABLE 3

*Key Dimensions Differentiating Managers and Entrepreneurs*

<table>
<thead>
<tr>
<th>Key Dimension</th>
<th>Entrepreneur</th>
<th>Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic orientation</td>
<td>Driven by perception of opportunity</td>
<td>Driven by resources currently controlled</td>
</tr>
<tr>
<td>Commitment to the</td>
<td>Revolutionary with short duration</td>
<td>Evolutionary, of long duration</td>
</tr>
<tr>
<td>opportunity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment of resources</td>
<td>Multistaged with minimal exposure at each stage</td>
<td>Single-staged with complete commitment upon decision</td>
</tr>
<tr>
<td>Control of resources</td>
<td>Episodic use or rent of required resources</td>
<td>Ownership or employment of required resources</td>
</tr>
<tr>
<td>Management structure</td>
<td>Flat with multiple informal networks</td>
<td>Formalised hierarchy</td>
</tr>
<tr>
<td>Reward philosophy</td>
<td>Value driven and performance based</td>
<td>Security driven and promotion-oriented</td>
</tr>
</tbody>
</table>

*Source: Adapted from Stevenson et al.*

**Entrepreneurial Resourcefulness**

We define entrepreneurial resourcefulness as the ability to identify opportunities in the environment and regulate and direct behaviour to successfully cope with the task of creating and managing an organisation to pursue the opportunity.
Consistent with the conceptualisation of Kanungo and Misra, we visualise the structure of entrepreneurial resourcefulness to comprise three generic competencies—cognitive, affective and action-oriented. Here, competencies refer to the mental capabilities that aid in the successful coping/adaptation in the face of difficulties posed by the external environment. This article does not deal with an extensive discussion of the distinction between skills and competencies for two reasons. First, it has been more than adequately carried out by Kanungo and Misra, and second, there is no record of controversy over the distinction in the entrepreneurship research literature. Table 4 presents a summary of the components of entrepreneurial resourcefulness. A brief description of each of the components of entrepreneurial resourcefulness follows.

**Cognitive Competence:** This refers to the effective management of thought processes, beliefs and expectations. Six components of cognitive competence are identified which contribute to entrepreneurial resourcefulness. The first is the ability to analyse and make sense of large volumes of information. Before starting a new venture, the entrepreneur needs to analyse the competitive environment, the suppliers, the customers and the markets, and the potential for his/her product to make a dent in the market and create a niche for itself. While this information is available to all, not all are able to analyse and make sense of it, or the economy would be witnessing many more entrepreneurial attempts than seen today.

The second component is the ability to take risks. There have been a number of studies supporting the idea that the ability to bear risk is a prime factor in entrepreneurial behaviour. Colton and Udell found that with respect to the likelihood of starting a business, the risk scale is a better indicator than N'Ach and internal locus of control. More recently, Brockhaus found no significant difference in the general risk performance patterns of entrepreneurs and a group of managers. However, the fact that entrepreneurs are no different from managers on risk-taking does not imply that entrepreneurs are not risk-takers.

The third component is innovativeness. Schumpeter argued that innovation was the central characteristic of entrepreneurial behaviour. According to him, all entrepreneurial processes began with an idea and the creation of something new. While there is no evidence in the literature that non-entrepreneurs or managers are not innovative, there is support for the perception that entrepreneurs are innovative.

The fourth component is the ability to perceive and make sense of equivocal realities. Most of us feel that too many entrepreneurial opportunities
do not exist because if they did, someone would already have seen them. Moreover, even if we did see an opportunity, we may conclude that if it was worthwhile to pursue, someone might already have done it. And if no one has done it, then it represents no opportunity at all. However, this is not the way entrepreneurs reason. The unique perspectives and the resources of the entrepreneur make it possible for him/her to see the opportunity. However, all opportunities are not created equal, and some may be worth pursuing while others may be passed. This requires a deep understanding of the complex and dynamic processes underlying the business environment which, we believe, is an integral element of the cognitive competence of the entrepreneur.

The fifth component is supplementary to the earlier one—tolerance for equivocality and uncertainty. Drawing on portfolio theory, as the risks increase the potential returns also increase. However, greater returns are associated with higher uncertainties. It is believed that associated with each individual is a certain level of risk preference, which is found to vary

## TABLE 4

Components of Entrepreneurial Resourcefulness

<table>
<thead>
<tr>
<th>Cognitive competence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ability to analyse and make sense of large volumes of information</td>
</tr>
<tr>
<td>2. Ability to take risks</td>
</tr>
<tr>
<td>3. Innovativeness</td>
</tr>
<tr>
<td>4. Ability to perceive and make sense of equivocal realities</td>
</tr>
<tr>
<td>5. Tolerance for equivocality and uncertainty</td>
</tr>
<tr>
<td>6. High effort–outcome expectancy</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Affective competence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ability to control feelings of withdrawal and depression</td>
</tr>
<tr>
<td>2. Competitive desire to excel</td>
</tr>
<tr>
<td>3. Ability to persevere</td>
</tr>
<tr>
<td>4. High central life interest</td>
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<tr>
<td>5. Dissatisfaction with status quo</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Action-oriented competence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ability to take charge and lead employees</td>
</tr>
<tr>
<td>2. Ability to influence external agencies</td>
</tr>
<tr>
<td>3. Ability to find, marshal and control resources</td>
</tr>
<tr>
<td>4. Ability to establish strong networks</td>
</tr>
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widely in a population. This can be represented at one extreme by the risk-averse person who invests all his money in a bank for interest, and at the other extreme by the gambler who spends all his money on lotteries. The entrepreneur needs to take the right level of risks to ensure success. Therefore, a higher tolerance for equivocality and uncertainty in the entrepreneur assumes importance.

The last component is a high effort–outcome expectancy. Expectancy theory was formulated by Victor Vroom to explain work motivation. According to this theory, expectancy is the perceived probability (ranging from 0 to 1) that a certain action or effort will lead to a certain outcome. Therefore, high expectancies will lead to greater effort while low expectancy implies the converse.\(^{49}\)

**Affective Competence:** This refers to the management of emotional arousal. Five kinds of affective competence are identified for entrepreneurs. The first is the ability to control feelings of withdrawal and depression. H.A. Simon suggested that under stress, our primitive urges take control of behaviour and these urges need to be regulated.\(^{50}\) The entrepreneur therefore needs to develop the ability to overcome the sense of despair and helplessness resulting from effort–outcome non-contingency.

A complementary competency is the competitive desire to excel. Beglay and Boyd found the Type A behaviour pattern to be a promising indicator for differentiating entrepreneurs from non-entrepreneurs.\(^{51}\) The Type A construct is intended, among others, to measure a person's competitiveness. This provides tentative grounds for us to believe that the entrepreneur needs to be driven by the competitive desire to excel and succeed.

The third competency is the ability to persevere. Entrepreneurs often have to face hostile environments and overcome entry barriers to start with. Subsequently, there is a gestation period before the results are actually visible. In this period, it is critical for the entrepreneur to be able to persevere at his/her goal. If he/she gives up hope, then the survival or even birth of the venture may be severely compromised.

A fourth competency is work as one of the central life interests of the entrepreneur. An individual moves from one portion of life space to another during the day, as for example, from family to work organisation to community.\(^{52}\) In the social experiences of an individual, one or more social settings in which he/she behaves may be central. This has been the basis for defining the central life interest of individuals as their expressed preference for carrying out their activities in given institutional settings.\(^{53}\) Dubin et al. found that persons with a central life interest in work have a
high level of commitment to their work organisation. As an extension of this, we propose that a high central life interest in working for oneself may be an important component of affective competence.

The final competency is dissatisfaction or frustration with the status quo. Brockhaus studied previous job dissatisfactions on the part of the entrepreneur. He used the Job Description Index (JDI) to measure the employees' satisfaction with the work itself, their perception of supervision, pay, opportunity for promotion and their attitude towards co-workers. When compared with the normative population used by the authors of the scale, entrepreneurs were found to be significantly less satisfied on all subscales except pay. The greatest dissatisfaction was with the work itself. This suggests that dissatisfaction or frustration with the current situation may be an important precursor to successful entrepreneurial behaviour.

**Action-Oriented Competence:** This is the management of intentions and action orientations. Four main components are identified. The first is the ability to take charge and lead employees. In addition to being the driving force behind the creation and establishment of the enterprise, the entrepreneur is a personal leader as well. He is the model for behaviour in the organisation. He is the person to whom employees look for information about what is right and wrong for the organisation. Therefore, it is important for the entrepreneurs to establish and communicate a vision for the enterprise, inspire commitment and instil pride in working for it. The entrepreneur here serves as the rallying point for the organisation.

The second competency is the ability to influence external agencies. The role of the entrepreneur demands that she or he interact with numerous external agencies like the government, suppliers, resellers and venture capitalists. For example, the entrepreneur needs to influence financiers to obtain much needed capital. Financiers, on the other hand, are interested not only in the returns but also in the risks of the investment, the timing of the returns, and the controls to protect their money. It is the task of the entrepreneur to convince the financier that the investment is worthwhile.

The third competency is the ability to find, marshal and control resources. Once the entrepreneur perceives and decides to act on the opportunity, the next question is how to get needed resources. The goal of the entrepreneur will be to obtain as many resources as possible subject to the constraint that it can be obtained at different stages with minimal exposure at each stage. This is where the manager clearly differs from the entrepreneur. The formal systems in organisations and the pressures of personal
risk reduction force managers to obtain all resources and then proceed further. On the other hand, entrepreneurs need to work with only the resources critical at that juncture. Also, the entrepreneurs need to control only the strategic resources and leave control of all non-strategic ones to the manager. However, the manager will have a tendency to try and control all the resources needed by the organisation to reduce uncertainty and dependency on the environment.

The fourth competency is the ability to establish strong networks. Theoretical and empirical literature suggests that previous relationships, connections, kinship and community ties lay the ground for new ventures. Entrepreneurs first turn to prior business contacts, family and friends for information on physical and capital resources, sales and social support. Networking abilities of the entrepreneur will help in finding and acquiring the critical resources necessary for venture survival.

**Entrepreneurial Behaviour**

As defined earlier, entrepreneurial behaviour is the constellation of functions, activities and actions involved in the perception of opportunities and the creation of organisations. In the present model, entrepreneurial behaviour is the outcome variable. It includes all conscious behaviour executed in the process of opportunity search, opportunity recognition, sense-making, organisation creation, product/service launch, exchange and growth. Therefore, we posit that:

*Entrepreneurial behaviour is a function of entrepreneurial resourcefulness.*

Having examined all the components of the model, the following features of the model become apparent:

1. The model is consistent with the view that behaviour is a function of person–situation interaction. The focus on the person as the unit of analysis should not be confused as being equivalent to a study of personality. The studies focusing on psychological aspects make the assumption that the psychological variables produce the same behaviours regardless of the situation. Our model starts off by relaxing this assumption.
2. As one moves from left to right of the model, borrowing from the terminology of Kanfer, there is a transition from more distal con-
structs to proximal ones in explaining entrepreneurial behaviour. The impact of the distal constructs on entrepreneurial behaviour is often indirect. For example, the background and psychological factors may exert an influence on behaviour through their impact on the attitude and intention of the individual. At the other end, we have constructs such as entrepreneurial environment and entrepreneurial resourcefulness which are more directly purported to influence behaviour.

3. As one moves from left to right, there is also a transition of the processes from choice to volition of self-regulation. The distal constructs influence the cognitive choice processes that determine intentions which form the basis for behaviour. However, when the behaviours to be predicted are highly complex (as in entrepreneurial behaviour), self-regulation and volition mediate the relationship between the distal constructs and entrepreneurial behaviour.

4. Low and Macmillan suggest two main theoretical pillars to guide researchers in the entrepreneurship paradigm—the strategic adaptation perspective, and the population ecology perspective. The present model is also contextually grounded, reflecting the strategic adaptation view. The dominant assumption of this view is that success of the entrepreneurial venture depends upon the entrepreneur’s ability to develop and execute effective strategies. In keeping with this view, our model suggests that entrepreneurial resourcefulness, a key construct in the model, is the variable that is likely to explain the greatest variance in entrepreneurial behaviour.

In sum, the conceptual model presented here can be seen as a lens through which to view the varying patterns of entrepreneurial behaviour. Past attempts to study entrepreneurship have focused on three key questions: (a) what factors lead to the emergence of an entrepreneur; (b) how do entrepreneurs behave; and (c) what is the result of entrepreneurship. While the present model attempts to provide a better answer to the first question, it must be recognised that it also represents a significant departure from existing models. All previous models have attempted to differentiate the entrepreneur from non-entrepreneurs, the assumption being that all entrepreneurs are alike (at least in some respects). The present model makes no such assumptions. By treating behaviour as the outcome variable, the model acknowledges the fact that there could be significant variation in the behaviour of entrepreneurs.
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Second, by positing that entrepreneurial resourcefulness, a more proximal construct, influences entrepreneurial behaviour, the model has attempted to enhance its predictive power. In fact, all the variables antecedent to the entrepreneurial resourcefulness construct have been modelled to indicate the place of the construct in the entrepreneurship research paradigm.

Finally, care has been taken to define the concept precisely in order to make it measurable with the intention of provoking research to provide empirical validity for the model. It is hoped that the conceptual model and the research agenda presented here will make a clear contribution to answering the question of what causes entrepreneurial behaviour.

Notes

An earlier version of this paper was presented at the ASCA-IFSAM International Congress 2000 at Montreal, 8–11 July 2000.


16. Stevenson et al., New Business Ventures (no. 3 above).
19. Covin and Slevin, ‘A Conceptual Model’ (no. 5 above).
30. Robinson et al., 'An Attitude Approach' (no. 24 above).
36. B.J. Bird, 'Implementing Entrepreneurial Ideas' (no. 35 above).
37. B.J. Bird, 'Implementing Entrepreneurial Ideas' (no. 35 above).
41. Kanungo and Misra, 'Managerial Resourcefulness' (no. 6 above).
42. Stevenson et al., *New Business Ventures* (no. 3 above).
43. Kanungo and Misra, 'Managerial Resourcefulness' (no. 6 above).
44. Kanungo and Misra, 'Managerial Resourcefulness' (no. 6 above).
47. Brockhaus, 'The Psychology of the Entrepreneur' (no. 23 above).
53. Dubin, 'Industrial Workers' Worlds' (no. 51 above).


59. Low and MacMillan, ‘Entrepreneurship’ (no. 1 above).

60. Low and MacMillan, ‘Entrepreneurship’ (no. 1 above).