

VENTURE INITIATION IN IRISH SOCIETY

A PILOT STUDY OF THE ENTREPRENEURIAL PROCESS

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This study is about venture initiation in Irish society. The process whereby people start their own enterprises is explored and clarified. It describes and analyses the entrepreneurial process in terms of the importance and interaction of three main areas in the decision to initiate a new enterprise.

- Predisposing factors: factors conducive to setting up business: traits, social background, knowledge and experience, skills, lifestyle and personal fitness, social climate for entrepreneurship.
- Precipitating factors: factors which act as catalysts to setting up business: life situation, opportunity, initial encouragement, economic climate.
- Venture specific factors: factors which relate specifically to the business venture: sources and evaluation of the business idea, sources of support financial, technical and socio-psychological

The study uses a model of venture initiation which is based on a multi-factorial perspective, incorporating sociological, economic and psychological dimensions. (See Figure One for an outline of the factors investigated.)

Despite the recession and a hostile business environment, interest in entrepreneurship in this country has never been keener. Many people have at some time in their careers thought about starting their own business.

However, despite dreams, wishful thinking, and even plans, few actually take the step of trying to start a business. Why is this? Is there a special type of person who is more inclined to become an entrepreneur? Are there special characteristics, social or economic conditions which stimulate entrepreneurial activities? Are entrepreneurs born or are they made? These are some of the questions which this study considers.

This report contains the results of a preliminary investigation of venture initiation in Irish society. On the basis of personal accounts from thirty-six business owners in the manufacturing and ancillary services area the process whereby people initiate their own enterprise is explored and clarified. An in-depth qualitative approach is adopted in this preliminary stage of a research project designed to provide a comprehensive information base for entrepreneurship in Ireland. This study shows that the decision to set up a new enterprise is seldom a straightforward one. It is a decision based on the combination and interaction of social, economic and psychological factors. In the past, too little attention has been given to the subtle but pervasive social and psychological influences and the impact of the interaction of these major influences on venture initiation. Too often setting up a business is viewed as a purely economic exercise. This study hopes to highlight the importance of taking a broad perspective on enterprise development and is an account of entrepreneurs' own experiences of the real world of enterprise development.

Objectives

The objectives of the study are to:

- provide more precise knowledge and understanding of entrepreneurship, with particular emphasis on the factors associated with enterprise initiation.
- provide baseline information for the planning and development of promotional and educational programmes for agencies interested in people of enterprise
- assist in the planning of curriculum development for entrepreneurial programmes and for specific educational programmes concerned with education for entrepreneurship

Background: Why Study Entrepreneurship?

This study is the first stage of a research program the main focus of which is the understanding of enterprise development and innovation in Ireland as well as contributing to the programs on Education for Innovation and Entrepreneurship

The National Working Party of Deans of Science, Engineering and Commerce; Education for Innovation and Entrepreneurship (Dublin: National Board for Science and Technology 1982).

Why is it important to look at the process of entrepreneurship? In recent years, most industrialised countries have suffered from economic recessions, high unemployment rates and fluctuations in international trade cycles, to a degree not experienced since World War II. This situation, has tended to increase the attention paid by policy-makers and political decision-makers to the potential role of innovators in helping to overcome present problems and social needs. Particularly, interest is being focused more and more often on the role small business can play in this process. both because of its ability to adapt flexibly to a changing environment, and because its structure allows it to adjust itself to technical change at a rate fast enough for survival.

Several countries, such as the USA, Canada, Sweden, the Netherlands, the Federal Republic of Germany, the United Kingdom. and Ireland, have recognised this and are preparing new policy measures to support small firms. It is acknowledged that specific efforts are also being directed to promoting innovative activities and to improving innovation capabilities. Entrepreneurship is in vogue. It has become fashionable for policy-makers and politicians worldwide to look to the innovativeness and job creation potential of small business as a possible solution to rising unemployment rates and as a recipe for economic prosperity. It is of course acknowledged that in present circumstances. the development of native enterprise alone cannot solve these problems.

While discussion of economic development acknowledges that economic growth depends on complex interrelated factors. emphasis has increasingly shifted to the key role of decision-making innovators, entrepreneurs. The need to modify the economic and social environment to create a climate for enterprise development is a concern of Irish government. government agencies, industrialists and business persons. However, the need for more information about entrepreneurs in Irish society is central to this development. An important element in programs of national and regional development is the identification, selection and training of entrepreneurs for the mere existence and availability of economic resources is not by itself an automatic guarantee of growth. Rather, the ability to use and convert these resources into viable enterprises is seen as a key factor in economic growth and development. It is important therefore that planners, educationalists, career guidance teachers, and development agencies increase their knowledge of the process of venture initiation. Such knowledge enhances the ability to identify potential entrepreneurs and

facilitates the development of educational programmes to foster entrepreneurial attitudes and behaviour in children and adults.

Note – the above is an extract from the publication