SKILLED ENGAGEMENT IN THE ENTREPRENEURIAL PROCESS

Social and Human Capital

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Preliminaries

Being deliberately controversial!

What has been happening in Entrepreneurship?

a. Focus on theory — insufficient on praxis or policy?

b. Focus on behaviour — not enough on doing things well?

c. Focus on success — not enough on failure?

d. Focus on learning — deriving the lessons?

e. Focus on empirical testing — paradigm perspectives?
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QUESTIONS: -
- What theory?
- What behaviour and how skilled?
- Which UoA?
- Is the framework appropriate for personal development and effective performance?
- Where should we start?
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SKILL & the entrepreneurial process

Issues we are going to discuss:

a. What entrepreneur’s do
b. What is skill? Skill not competency...
c. Focus on skill not imparting knowledge...
d. Critically appraise the entrepreneurial process
e. Consider linking skills to phases of the process
f. Introduce paradigmatic considerations
g. Tease out the implications for policy & practice; & further research
**WHAT IS SKILL?**

- The exercise of skill produces proficiency at tasks
- Skills tend to be taken-for-granted; once learnt they are discounted, undervalued and are largely ignored, excepting when they are not executed
- Once acquired, skills tend to be assumed implicitly in the action without conscious thought
- Skills are multi-dimensional, continuous & context-related
- Skill is an under-researched construct
- Skill in relation to performance outcomes
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Opportunity Recognition Theory IS THE DOMINANT THEORY IN ENTREPRENEURSHIP

Skills associated with the ORT are primarily theoretical constructs... Fuelled by Kirzner’s work

ORT focuses on cognitive skills/capital e.g. Prior knowledge, judgement, decision-making

ORT does not consider affective, social or interpersonal skills, nor motivation

The work of Gaglio & Katz (2001), Shane (2003) & others identify skills: information-processing, interpreting & envisioning; counter-factual thinking; analysis of means-end framework
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Opportunity Recognition Theory

Based on the concept of ‘alertness to opportunity’ — an individual ability? How developed?

ORT comprises a linear process from:
O.R. → O. Development → O. Exploitation → Outcomes

At initiation, ‘alertness’ is a necessary characteristic

This attribute differentiates between entrepreneurs and non-entrepreneurs
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Criticism of ORT is accumulating:

- Lavoie (1991) alertness not simply seeing an opportunity; it requires interpretation;
- Fletcher (2006): ORT assumes special skills; correct balance between structure & agency?
- Steyaert (2007): methodological individualism divorced from a ‘culturally embedded context’
- Chalkley (2011) critiques the language as having little/no resonance with practitioners.
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Critique of ORT

- Subjective/objective dichotomy
- Possible separation of O from the context?
- Meaningfulness to practitioners?
- Contested nature of the underlying assumptions paradigmatically & coherence of the theory (Dimov, 2011)

- Alternative starting points to the process identified e.g. ‘Felt need’; ‘Social/market need’; ‘social/market value proposition’.
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ALTERNATIVE TO ORT

- Identify desired end state: valued social/ market need (Nightingale, 1998)
- Draw on (intuitive?) knowledge & understanding the sector, the market, the problem, etc
- This suggests a link back to experience & to the tasks at hand & how these might be accomplished proficiently
- Next phases in the process; develop an appropriate resource configuration, and
- Build connections (networking skills)
- Plan for development of organisation to deliver desired product/service
- Use skills to convince others
- Produce fledgling organisation
The exercise of skill is behaviour in context carried out proficiently.

But how do we theorise the socio-economic environment? E.g. Giddens’ structuration theory where structure comprises rules & norms & the exercise of power.

Understanding the multi-layered environment which varies from the interpersonal micro-environment, thro’ influences such as local/regional competition to macro-governamental, economic, fiscal & regulatory influences.

Entrepreneurial skill thus involves sound interpretation of environmental clues, adaptability, vision, playing the system, making the right decisions.
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IMPORTANCE OF CONTEXT

- Shrewd judgement and decision-making – perceived to be appropriate by powerful others;
- But does Structuration under-theorise the agent?
- Change is the norm within the entrepreneurial process so feedback is important
- Feedback stimulates reflection on choices made.
- Situations may be weak where person attributes shine through, or
- Strong, so situations dominate and there is low person influence
- Contexts are social and draw on person’s social skills; even the physical space has social implications
HUMAN, SOCIAL & INTELLECTUAL CAPITAL

- Experience, personal & employment history, education, parental background etc have been used as broad indicators of human & social capital inputs
- **Outputs** of these investments include different skills e.g.
  - **Individual skills** include e.g. Creativity, envisioning, self-efficacy, confidence, resourcefulness, risk-taking...
  - **Social skills** include e.g. Leadership, interpersonal communication, persuasiveness, trust, networking
  - **Intellectual skills** include e.g. Counterfactual thinking, decision-making, judgement, business acumen, planning, diagnostic/problem-solving skill, strategic thinking
- **Such skills should be task-related & linked to success**
NOT FORGETTING MOTIVATION

- E.g. Commitment, stamina, energy, effort, achievement, passion
- Whilst motivation is not a skill it provides a link to contexts and situations, affects decisions and ultimately action
- Locke & Baum’s work: linked motivation, situations & venture outcomes
- L&B’s constructs inc Self-efficacy, Achievement motivation & Proactivity
- They argue SE is task-specific; identify situation-specific goals & outcomes
PARADIGMS – a little reminder

- Positivism assumes objectivity, detachment, accurate measurement, veridical testing of theory, and, a one-to-one correspondence between observation and the observed
- To link skills to the entrepreneurial process the underlying theory should be sound
- Social Constructionism assumes that the world is framed by perception introducing subjectivity
- Realists acknowledge perceptual framing of social phenomena but assume there is an underlying reality
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IMPLICATIONS

- **Positivism** —> precise definition, measurement, causation; skill results in measurable outcomes
- **Social Constructionism** —> how is skill valued? Skill is socially, politically & economically framed:
  - e.g. The deskilling or upgrading of skills
  - e.g. The evaluation of training or performance & any resultant recognition/reward
Skill may be gendered e.g. Resulting differential access to resources, finance/start-up capital
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IMPLICATIONS FOR POLICY & PRACTICE

- Understanding the construct of skill & particular skills; & relate to task accomplishment
- Skills, unlike abilities, can be learnt
- Skilled performance is to carry out a task proficiently
- Skills should be grounded in context
- Within the entrepreneurial process, different phases require different skills
- The ORT should be critically appraised & probably replaced/revised
- Valuing skill is a subjective process
- Issues of measurement error
- Both descriptive & meta-analytic reviews are useful bases for addressing future policy direction
FURTHER RESEARCH

- More empirical research both to test & build theory
- Examine Skill in Context, & as close to the behaviour as possible.
- Include the identification of mediating variables in positivist research models
- Investigate how skills are valued and in what circumstances; in relation to which groups
- Link skill development to learning and mentoring
- Carry out longitudinal studies
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ANY QUESTIONS?

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