An Exploration of Some Sociological Approaches to Entrepreneurship

Patrick A. Edewor*, Oluremi H. Abimbola & Mofoluwake P. Ajayi
Department of Sociology, Covenant University, P.M.B. 1023, Ota, Ogun State, Nigeria.
*E-mail of corresponding author: patrick.edewor@covenantuniversity.edu.ng

Abstract
The tendency has been for scholars in business related disciplines to confine and approach the study of entrepreneurship from business management or economic perspective whereas discourses within and around entrepreneurship can only be robust and context-relevant if approached from a multidisciplinary perspective. This work is an attempt to subject discussions within the discipline to some sociological import. In considering entrepreneurship from a sociological standpoint, two approaches were adopted: the supply side and the demand side. Although these approaches view entrepreneurship differently, they both have sociological implications.

Keywords: Exploration, sociological approaches, entrepreneurship, supply side, demand side.

1. Introduction
The subject of entrepreneurship has been confronted with the problem of having a distinct disciplinary focus. Spring and McDade (1998:2) contend that “various authors…take on the conundrum and give their own specificity to the definition of entrepreneurship. Most do so by developing a checklist of attributes and conditions that identify the entrepreneur as a distinctive actor in an economic system”. Fiet (2001:12) aligns with this position thus:

All theories in the social sciences, including those that examine entrepreneurs, are in some way inaccurate, contradictory, or incomplete. Consequently, it is not surprising that many of these separate theories do not easily accumulate, especially because most of them do not have origin in entrepreneurship research. Nevertheless, they provide penetrating insights on many aspects of entrepreneurial conduct and wealth creation.

The specific objective of this work, therefore, is hinged on the need to emphasise the importance of the interacting outcomes of social forces and entities on the understanding of entrepreneurship in society within the purview of Sociology as an academic discipline. An examination of two major approaches have been employed in the explanation of entrepreneurship in this regard. These are the supply side and the demand side perspectives.

2. The Concept of Entrepreneurship
Placing the concepts of entrepreneurship and entrepreneur within a universal definitional and descriptive framework is synonymous with contentions about the colour of the elephant viewed from different sides by different people. Each gives his own view to the exclusion of others’ views. The quest to carving a clear, universal focus, purpose, interest and methodology for entrepreneurship as a subject of study has been bedeviled by different scholars trying to tackle it from a unidisciplinary approach.

The concept of ‘entrepreneur’ is derived from the French verb “entreprendre” which means to undertake, to attempt, to try in hand, to contract for, or to adventure, to try (Girard, 1962). The traditional perspective, which derived from Economics, was to describe entrepreneurship in purely economic terms. For example, Cole (1946) defines it as the utilization by one productive factor of the other productive factors for the creation of economic goods. This definition puts the entrepreneur as one of the factors in the productive process. Kirzner (1983) has listed some of the conceptions with which Economists describe entrepreneurship. They include the following: (i) merely a kind of labour service; (ii) assumption of risk; (iii) initiation of discontinuous change; (iv) mediation between different markets; (v) coordination, planning and gap-filling; and (vi) pure speculation. Shapero and Sokol (1982: 100) opt for an embracing conceptualization - entrepreneurial event - which encompasses “a large variety of activities without being tied to particular kind of activities.” They denote entrepreneurship by the following activities: initiative-taking; consolidation of resources; management of the organization; relative autonomy; and risk-taking.

3. Approaches to the Understanding of Entrepreneurship
Various authors have attributed different explanatory variables to entrepreneurial activity. Featuring prominently in this regard are personality and culture amongst others. In each instance, the explanation proposed by a theoretical approach does correspond well to some descriptions of entrepreneurship, but not necessarily to all. The six schools of entrepreneurship posited by Cunningham and Lischeron (1994) will offer an insight into the major approaches into which the explanations of entrepreneurship and entrepreneur have been delineated. These schools include: the great person’s school of entrepreneurship; the psychological characteristics school of
entrepreneurship; the classical school of entrepreneurship; the leadership school of entrepreneurship; the
management school of entrepreneurship; and the intrapreneurship school of entrepreneurship. Each of these
schools can be understood according to the indices by which it describes entrepreneurship/entrepreneur
personal characteristics, opportunities, management or the need for adapting an existing venture.
The great person school emphasizes the ‘inborn’ intuitive faculty of the great person to recognize an opportunity
and make the appropriate decision. This approach holds that without this intuitive faculty, the individual would
lack the entrepreneurial makeup. The great person has an exceptional confidence in himself and his abilities; he
is also endowed with high levels of vigour, persistence, vision, single-mindedness and self-esteem (Cunningham
and Lischerton, 1994).

The psychological school of entrepreneurship undertakes the analysis of entrepreneurship at the level of
individuals. In other words, individuals are the units of analysis. This approach believes that entrepreneurs have
values, needs and attitude that are unique to them. It is held that a combination of these stands to distinguish
entrepreneurs from non-entrepreneurs. Those with characteristics identifiable with entrepreneurs will have a
higher propensity to function in entrepreneurial realms (Lachman, 1980). Three personality characteristics have
featured prominently in entrepreneurship literature: risk-taking propensity; personal values (responsibility, duty
etc.); and the need for achievement (nAch). This school contends that entrepreneurship is a trend that develops
over time in an individual through the process of socialization.
The classical school, on the other hand, is woven around the notion of venturing, which is imbued with an
element of risk and requires some creativity or innovativeness. The main ingredients of entrepreneurship,
according to this school, are innovation and creativity. The underlying assumption of this school rests with the
role of management in seeking opportunity that sparks innovation.
The management school suggests that an entrepreneur is a person who organizes or manages a business
undertaking, assuming the risk for the sake of profit (Webster, 1966). Within this perspective, it is believed that
entrepreneurship can be developed through conscious learning. In most cases, failure in entrepreneurial activities
is attributed to poor management tactics. It is, therefore, averred that training in management functions can help
reduce business failure substantially.
The leadership school of entrepreneurship sees an entrepreneur as someone who relies on those he believes can
help him achieve his purposes and objectives. This school proposes that a successful entrepreneur must be a
‘people manager’, an effective leader, a mentor who motivates, directs and leads others to accomplish set tasks.
Kao (1989) postulates that the entrepreneur must be a leader, able to define a vision of what is possible, and
attract people to rally around that vision and transform it into reality. The two major elements in this approach
are: getting the task accomplished and responding to the needs of those involved in task accomplishment.
Intrapreneurship school is a response to lack of innovativeness and competitiveness within organizations.
Intrapreneurs, though with limited power within organizations, act as entrepreneurs and implement their ideas
without necessarily becoming owners.

4. Some Sociological Considerations of Entrepreneurship
Two major approaches are employed in the consideration of entrepreneurship from sociological perspective in
this work. The approaches are: the supply side approach and the demand side approach. Each of the approaches
view the emergence of entrepreneurship from different dimensions though both have sociological implications.

4.1 The Supply Side Perspective.
This perspective has both psychological and sociological dimensions. For the purpose of putting this paper in
proper perspective, it is necessary to describe the two dimensions.
4.1.1 The Psychological Supply Side
This has to do with attributing entrepreneurship and its practice to the presence of certain traits in ‘special
individuals’, which are missing in others. Some traits have been identified and mentioned in entrepreneurship
literature as pivotal to entrepreneurial personality. These include need for achievement (n-ach); internal locus of
control; and risk taking propensity amongst others. McClelland (1961) posits that entrepreneurs are those who have a strong need for achievement. He contends that
development found in achieving societies is a corollary of preponderance of individuals with a strong drive for
achievement. He characterizes individuals with a high N-Ach as having a strong desire to be successful. He
identifies the following attributes as being characteristic of entrepreneurs (those who are high in n-ach):
preference for personal responsibility for decisions; moderate in risk taking, which is dependent on skills; and
interest in concrete knowledge of the results of decisions. Another attribute by which entrepreneurs are distinguished is internal locus of control (Amit, Glosten and Muller,
1993). This is demonstrated in individual’s belief in his/her capabilities to control his or her environment and
events through his or her own actions. Rotter’s (1966) work in this direction is instructive; he identifies two
categories of locus of control: external locus of control and internal locus of control. The former is when an
individual attributes reinforcement to some actions that are not entirely contingent upon his own, while the latter
is perceived as having an outcome hinged or contingent upon the behaviour of the individual. Other significant contributions among many dealing with the theme of psychological traits include, Kets de Vries (1977) and Brockhaus and Horwitz (1986).

4.1.2 The Sociological Supply Side
The sociological supply side, rather than attribute entrepreneurship to the ‘special individuals’, focus on the compelling influence of society on engendering entrepreneurial practices. Explanatory variables in sociological supply side perspective include presence of congenial cultural attributes that are facilitating of entrepreneurial practices, social class or ethnic group that extols the credibility of entrepreneurial activities or that are compatible with entrepreneurship. Scholars in this mould include Weber, (1904), Shapero and Sokol (1982), Aldrich and Waldinger, (1990) and Shane (1993) amongst others. These scholars contend that the presence of entrepreneurship-compatible culture, social class or group is capable of engendering behaviours that facilitate and enhance entrepreneurial activities. We shall briefly consider Weber and Shapero and Sokol and their thoughts in this direction.

4.1.2.1 Weber’s Sociological Supply-Side
Arguing along this perspective, Weber (1904) posits that the high rate of economic development recorded in the Western societies relative to other cultures was a corollary of the presence of values such as individualism, an ascetic self-denial, which discourages extravagant lifestyles, positive attitude towards work, savings and investment. In his comparative study of societies, Weber (1904) reports in his famous work, ‘The Protestant Ethic and the Spirit of Capitalism’, that the great accumulation of wealth that led to the emergence of capitalism in Europe and North America was a result of protestant ethic. The ethic encouraged abstinence from life’s pleasures, an austere lifestyle and rigorous self-discipline. Frugality, savings and investment were encouraged. Weber argued that it was the behaviour outcomes of protestant ethic as identified above that accounted for the level of economic development witnessed in those societies. Writing on the ethic, Haralambos and Holborn (2000:449) report that:

These riches could not be spent on luxuries, fine clothes, lavish houses and frivolous entertainment, but in the glory of God. In effect, this meant being even more successful in terms of one’s calling, which in practice meant reinvesting profits in the business.

4.1.2.2 Shapero and Sokol’s Contribution to Sociological Supply Side Perspective
While writing on the socio-cultural dimensions of entrepreneurship, also within the purview of the sociological supply side perspective, Shapero and Sokol (1982), seek an explanation of how group membership and socio-cultural environment affect the choice of an entrepreneurial path. They set out with two questions concerning each entrepreneurial undertaking, which they term ‘entrepreneurial event’:

1. What brought about the action that led to a change in the entrepreneur’s former life path?
2. Why this path, the generation of an entrepreneurial event, and not one of the myriad other actions available?

These questions are designed to provide answers to how the choice of entrepreneurial path is a function of social context of an individual or a group. The most demonstrable aspect of entrepreneurial event is company formation. However, this is chosen out of many feasible alternatives. The authors contend that:

Seldom can we find a case where starting a new company was the only possible alternative; no psychological framework suggests that there is a particular need or drive for company formation even though company formation may be linked to more generalized needs for achievement or expression (Shapero and Sokol, 1982:99).

The perspective holds that entrepreneurial event formation (EEF) process is not reducible to a monocausal analysis. Rather, a number of factors are needed in understanding the process. In other words, EEF process cannot be explained or understood from a single variable or factor, rather a combination of factors would be needed for an adequate and a robust understanding of the process.

What brings an individual, or a group, to take any action? At one extreme are persons driven by overwhelming events like war, persecution or loss of employment. These factors are in themselves derivatives of compelling forces of society. At the other extreme are individuals with no evident reason for change who opt to make a major shift in life path. The process of change in an individual’s life path can be understood in terms of vectors. Vectors are described as directed forces that keep the individual moving in a given direction at any given time (Shapero and Sokol, 1982: 100). Most members of a collectivity are held down in a particular path by the sum of vectors in their lives. These vectors could be a job, family situations, the powerful force of inertia and the daily pushes and pulls in an individual’s life.

More specifically, in a social system that places a high value on the formation of new ventures; more individuals will choose that path in times of transition. More diffusely, a social system that places a high value on innovation, risk-taking, and independence is more likely to produce entrepreneurial events than a system with contrasting values. To examine concepts of the desirable as they influence company formation, various works on the families, peer groups, ethnic groups, classmates, colleague and mentors, as cited in Shapero and Sokol
(1982) are used to explain the present assignment. They propose that the shift from a life path to another can be accounted for by socio-cultural factors embedded in social context. In the words of Shapero and Sokol (1982: 103), “the particular action taken by an individual in a major shift from one life path to another is a product of the situation and of socially and culturally implanted predispositions.” Two major constructs are identified as accounting for the process of entrepreneurial event: perceptions of desirability; and perceptions of feasibility.

The above constructs are interwoven and interrelated; if an action is perceived as non-feasible, one may conclude it is undesirable. Also, if one perceives an act as undesirable, one may never consider its feasibility. They argue that perceptions of desirability are embedded in such institutions as the family, peers, colleagues, mentors and ethnic group.

4.1.2.2.1 Family

The family, particularly the father or mother, plays the most powerful role in establishing the desirability and credibility of entrepreneurial action for an individual. Data from various researches are used in support of this assumption. For example, in studies carried out in different countries, the family was found to be playing the most powerful role in establishing the desirability and credibility of entrepreneurial action for an individual (Shapero and Sokol, 1982). Though parents stand out as the major credible examples of entrepreneurship, there are many other potential examples. Other credible examples include relatives, colleagues, and classmates.

4.1.2.2.2 Classmates, Colleagues, Mentors

In their study of entrepreneurs in South Africa, Italy, Brazil, and the United States, Shapero and Sokol (1982: 106) report that entrepreneurs have often commented about others like themselves, “if he could do it, I knew I could too!” “I saw the boss every day. I did everything he did but take home the profits. If he could do it ….” “I had this classmate in high school who has a prosperous company. While he was stupid! If he could do it ....” The same was heard with regard to work peers, relatives, and observed strangers. It would seem that it helps to see someone lesser than oneself establish the credibility of the act. Another powerful influence on perceptions of the nascent entrepreneur is that of a mentor. The mentor plays the part of convincing, assuring, and instructing. Unlike the person whom one can look down on, the mentor is respected and looked up to.

### Table 1 Findings on the influence of family in entrepreneurial action in a number of cultures

<table>
<thead>
<tr>
<th>Society</th>
<th>% of Entrepreneurs influenced by family</th>
</tr>
</thead>
<tbody>
<tr>
<td>The United States</td>
<td>50-58</td>
</tr>
<tr>
<td>Northern Italian</td>
<td>56</td>
</tr>
<tr>
<td>Filipinos</td>
<td>74</td>
</tr>
<tr>
<td>Kenyans</td>
<td>80</td>
</tr>
<tr>
<td>Nigerians</td>
<td>89</td>
</tr>
<tr>
<td>Bogotans</td>
<td>61</td>
</tr>
<tr>
<td>Quebecois</td>
<td>68</td>
</tr>
<tr>
<td>Lebanese</td>
<td>74</td>
</tr>
<tr>
<td>Sudanese</td>
<td>70</td>
</tr>
</tbody>
</table>

Adapted from Shapero and Sokol, (1982: 104-105).

### Table 2: Entrepreneurial event formation

<table>
<thead>
<tr>
<th>Life path changes</th>
<th>Perceptions of Desirability</th>
<th>Perceptions of Feasibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Negative Displacements:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forcefully emigrated</td>
<td>Culture</td>
<td>Financial support</td>
</tr>
<tr>
<td>Fired</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insulted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Angered</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bored</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reaching middle age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Divorced or widowed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Things:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out of army</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out of school</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out of jail</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive Pull:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From partner</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From mentor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From investor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From customer</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Shapero and Sokol (1982: 104)
4.1.2.3 Ethnic Group

Ethnic grouping is another socio-cultural factor found to influence entrepreneurial behaviour. Some ethnic groups were found to contain a large number of examples to establish the credibility of entrepreneurial event. Shapero and Sokol (1982: 106) contend that “it is no accident that entrepreneurship is highly identified with certain ethnic groups: Jews, Lebanese, Ibos in Nigeria, Jains and Parisis in India, Gujaratis in East Africa”. Each of these ethnic groups contains a large number of examples to establish the credibility of company formation. Life path changes, on their own, are not capable of engendering entrepreneurial event without the perceptions of desirability (anchored in one or a combination of some or all of culture, family, peers, colleagues and mentor) and perceptions of feasibility, which are financial support, other support, demonstration effect, models, mentors and partners as shown on table 2 above. The availability of the above influences the propensity to engage in entrepreneurial event.

4.2 The Demand Side Perspective

The more macro view and which is more recent in entrepreneurship research holds that entrepreneurial success is not only a condition of traits and behaviours of individuals but also of the environment in which entrepreneurship takes place (Lee and Peterson, 2000). Wilken (1979) corroborates the imperatives of socio-economic environment to academic discourse on entrepreneurial activities. His analysis attributes a major causal influence to government actions on conditions that are facilitating of entrepreneurship. Environment, in this sense, is encompassing of such factors as infrastructure, cultural, economic, social and political; these environmental forces have been found to be capable of either impeding or facilitating entrepreneurial activities in society. Gnyawali and Fogel (1994) define the entrepreneurial environment as the overall economic, socio-cultural and political factors that influence people’s willingness and ability to undertake entrepreneurial activities.

The above view is summed in what is known in entrepreneurship literature as demand side perspective. Glade (1967: 251), as cited in Thornton (1999) defines the demand side perspective, which actually came from the works of Marxists, economists and geographers, as an “opportunity structure, an ‘objective’ structure of economic opportunity and a structure of differential advantage in the capacity of the system’s participants to perceive and act upon such opportunities”. A number of approaches have derived from this perspective. In this write up, we consider ecological and institutional processes.

4.2.1 Ecological and institutional processes

Ecological model derives from the works of zoologists and botanists. This model explains the rate of entrepreneurship in terms of the availability and distribution of environmental resources. It focuses on rates of entrepreneurship rather than traits of founders. The model examines what conditions affect the rate at which entrepreneurial organizations emerge. There is little the personal traits of the individual could do in the face of daunting environmental constraints (Agboli & Ukaegbu, 2006).

Scholars of this persuasion have identified various environmental factors, which some have tagged external factors. Principal among the factors identified are influences of firms, influences of markets (Thornton, 1999); public policies (Dobbin and Dowd, (1997); regulations and policies (Baumol, 1990), physical infrastructure (Agboli & Ukaegbu, 2006). Three processes have been offered to explain variation in organisation founding rates: intra-population processes; inter-population processes; and institutional processes.

4.2.2 Intra-population processes

These processes occur within populations. Explanation of intra-population processes is anchored on an environment’s carrying capacity (environmental resources). Here, it is contended that an environment’s carrying capacity set a limit on density. According to Aldrich (1990:9), “ecologists assume that growth is rapid at first, proceeding exponentially, but then tapering off, as a population approaches its carrying capacity”. Two processes that combine to affect organization founding rates and lead to fewer additions to a population as an environment approaches its carrying capacity include: increasing dissolution rates and decreasing founding rates. An analysis of founding rates using intra-population processes must, therefore, take into account howfoundings and dissolutions interact to cause changes in founding rates over time.

4.2.3 Inter-population processes

These processes occur between populations. The argument under these processes has been that the dominant populations drive others into positions of subordination. Recent evidences have, however, proved that there are many possible interactions between populations. Brittain and Wholey (1988) advance six possible interactions between populations in an ecological space that are capable of producing varying outcomes in inter-population processes. Each of these interactions is capable of producing any of these outcomes: positive or salutary outcome; and negative or insignificant outcome (Aldrich, 1990). The six possible interactions include:

1. Full competition (-, -): the presence of one population suppresses the growth of other’s.
2. Partial competition (-, 0): One of the population’s growth is decreased in the presence of the other while
it remains unaffected.
3. Predatory competition (+, -): One of the populations expands at the expense of the other.
4. Neutrality (0, 0): The two populations do not affect each other and growth in one does not bear on the other.
5. Commensalism (+, 0): One benefits from the presence of the other while it remains unaffected either positively or negatively.
6. Symbiosis (+, +): Both populations benefit from the presence of each other.

Either of the above possible interactions can characterise the relationship between populations, which can be used in analyzing founding rates. For example, if the relationship between two populations is characterised by competition, entrepreneurship founding rates may suffer depression. On the other hand, if the relationship is symbiotic or commensal, there may be appreciable increase in the number of new entrepreneurial outfits.

4.2.4 Institutional processes

The influence of institutions on socio-economic activities has been studied by scholars from Economics, Sociology and Organization Behaviour. Scholars from each of these disciplines approach the study of institutions from dimensions and approaches that are peculiar to their academic orientation. It must be noted, however, that they all agree on the following common denominators:
- Institutions determine action and behaviour; and
- Institutions are durable and stable.

Institutional processes explain the compelling influence of social structure on social behaviour. According to Scott (2004:460), this perspective:
attends to the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemas, rules, norms, and routines, become established as authoritative guidelines for social behaviour. It inquires into how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse.

Institutional factors that have been treated in entrepreneurship literature as having bearing on entrepreneurship include political factors, state policies, education, mass and specialized media (Aldrich, 1990). An analysis of institutional processes must, therefore, be considered in understanding entrepreneurial organization founding rates.

5. Conclusion

Entrepreneurship is a broad discipline that has been described as an elephant, which poses different pictures to different people, depending on the angle from which they are watching it. The contribution of sociology to the study of entrepreneurship, like many social science disciplines, lies in understanding how the environment influences entrepreneurship. Two major perspectives (supply side and demand side) have been examined in this write up but it needs be pointed out that there are yet many sociological theories that can be applied to the study of entrepreneurship. It is important to note that the field of sociology has a lot to offer in the area of entrepreneurial studies.

References


