<u>BUSINESS ELITES: THE PSYCHOLOGY OF ENTREPRENEURS AND INTRAPRENEURS</u> **Review in Systems Research, Wiley 1995.**

Reg Jennings, Charles Cox and Cary L. Cooper, Routledge, London

The principal interest of this book, as stated by its authors, is to reveal and elaborate the "differences and similarities" between those they call "elite independent entrepreneurs" and elite intrapreneurs". The first group are individuals who have started and grown their own businesses, becoming multi-millionaires in the process and retaining significant share holdings. The second group have achieved comparable career and financial success but within the confines of an established business, often family owned or controlled.

While each group appears to have followed its own distinct "route to the top" the subjects are shown to have many characteristics in common – hard work, long hours, determination, assertiveness, communication and decision making skills. Differences also emerge, the entrepreneurs are less risk averse, more likely to have faced and dealt with financial catastrophe, and, have risen from poorer socio-economic backgrounds. A generalisation such as "less risk averse" cannot be accepted as empirically plausible particularly given the sample size. Oliga (1992) and Ray (1991) have both raised the problematic nature of this issue. Oliga (1991 p153) suggests that:

"….contrary to received wisdom [degrees of] propensity to risk is not of the essence of entrepreneurship, or even a behavioural attribute of an entrepreneur qua entrepreneur."

While Ray (1991, p225) considers that:

"It may be more meaningful to speak of the risk profiles of entrepreneurs. These profiles would describe risk propensity but would concentrate on risk recognition processes, risk assessment, the acquisition and use of information related to uncertainty, and strategies for the management of risk."

The intrapreneurs generally have the benefit of longer formal education, wealthy backgrounds and, significantly, to have been supported by a "guardian angel" or mentor during their career. While perhaps not an aim of the book, the authors have failed to demonstrate that the characteristics identified are unique to the "elite" group, or indeed absent from the non-elite.

This is a good book, in its own terms, well written and illustrated with vignettes and quotations from its subjects. It is worth reading, particularly for those with no broader knowledge in this area, since many of its conclusions confirm established perceptions and views – although many prior texts lack the academic vigour that this seeks to maintain.

The book's findings are based on interviews, questionnaires and self-assessments with around 40 business leaders, those selected largely falling into the category of what might be called, *the usual suspects* – high profile individuals well known from the media. Featured names, in the main, became well known in the 70s and 80s – Peter de Savary, Owen Oyston, Gerald Ronson, and Jeffery Archer. Others, such as Sir David Alliance of Coats Viyella plc. and N Brown Group plc. are much less well known, although, paradoxically, they may be considered as having been successful in their chosen fields over longer periods. All are considered as "extraordinary people".

The research methodology has been explicitly adapted from Sonnenfelt & Koffer's (1982) model of career development and tracks the development of the subjects through a sequence of life cycle events – childhood, socio-economic background, social marginalisation, mentors, education, work ethic, attitudes to philanthropy – before looking briefly to the future of entrepreneurship. The book is then systematic, but not systemic; it fails to deal adequately with the potential interrelatedness of the various characteristics examined which, when taken together would, perhaps, lead towards a fuller understanding of the psychology of "high-achievers." This could potentially have been addressed through a Jungian analysis which might have distinguished between four primary functions of the human mind: thinking, feeling, sensation and intuition, in terms of an individual's introvert or extrovert personality attitude to the external world (Jacobi, 1969); and the systemic inter-relationship between an individual's psychological make-up and the spatio-temporal conjunctural factors of the environment.

Resting in the research methodology is what seems to be a principal weakness of the work; that is the use of self-evaluation techniques. The authors acknowledge the potential for the subjects to engage in "faking" of the test results but say they are "all very successful men and women who would have no need or wish to impress us (the authors." We must align this view against a comment from Owen Oyston cited in the text:

"I think the most single common element between people like Eddie Shah and myself is that we are probably egoists, we want to prove to the world that we are "special people."

This comment is suggestive of a tendency to "need or wish to impress" perhaps regardless of the recipient. A self-evaluation by a self-confessed egoist seems, to the present writer, unlikely to be free from bias. The authors have attempted to validate their results by following the advice of Becker (1958) and seeking third-party verification wherever possible; however the results must remain open to reinterpretation in the light of the nature of the evidence. A particular question to be considered in this instance is whether the authors have identified and elaborated determinants of success – which could be a truly valuable outcome – or engaged in post-hoc rationalisation of success with their subjects; Hindsight always appears 20:20.

A similar caveat must be applied to the statistical data provided in the text. Even accepting that the research only examines "elite" entrepreneurs and intrapreneurs, it is doubtful that a sample of 40 should be considered as representative for the purposes of generalisation – there are thousands, in the UK alone, who would perhaps meet the "elite" criteria suggested by the author's definitions, but whose profiles may be significantly different from the sample. Taken as a sample across all entrepreneurs, of whom there are perhaps hundreds of thousands on a global scale, 40 candidates does not appear a statistically significant number.

The subjective nature of much evidence in social science research, and the difficulty of obtaining large samples are acknowledged. The authors, notwithstanding the foregoing caveats, must be complimented for the quality of their subjects – a group of people with extremely full lives, heavy commitments and responsibilities who do not give of their time easily.

We can now turn to what may be regarded as a more significant criticism in the current context of research into entrepreneurship. That is the narrow definition of success chosen by the authors with its reliance on the achievement of "multi-millionaire" status. Flood (1992) criticised the growing research efforts in the area of entrepreneurship, commenting that it was "primitive and narrowly focused" with a concentration on issues such as venture capital, profit and loss, and organisations, while ignoring non-profit organisations and failing to recognise:

"the importance of long term planning and vertical integration of individuals, organisations, nations and cultures, international and ultimately global relations."

The authors definition views success in only the narrowest and most traditional sense – the financial achievements of individuals, who by their own words regard profit, not necessarily as an objective, but certainly as the means of " keeping the score" to show how well they are doing. While their attitudes to philanthropic activity are explored, and they are undoubtedly generous people, conscious of the need to "out back" into a society which they perceive to have granted them so much, nothing is said about their contribution to society from a wider perspective. Many have created and generated employment in the community and can be regarded as having contributed to society in that sense, but it is when the broader needs of society are examined that we can see weaknesses. These "self-motivated", "determined" and "assertive" people have all created or maintained organisations for themselves; that other have benefitted appears as a fortunate by-product, rather than an objective.

If the country, and indeed the world, is in need of more "entrepreneurs" and "intrapreneurs", we must question whether an absolute dedication to self-interest amongst them, which emerges from this book as almost an essential characteristic for success, will truly contribute to the cohesion and growth of society as a whole. Alternatively, will it lead ultimately to further fragmentation and disharmony between the elite and the bulk of the population? The "monetary" score is the easiest record of achievement to keep – it offers a universal measure, visible and comprehensible to all. It is not necessarily the most meaningful for society in the long term, and it does not measure the contribution to innovation and change which would be the hallmark of a broader definition of elite entrepreneurship and intrapreneurship.

References:

Sonnenfelt J and Koffer J.P (1982) The Maturation of Career Theory

Human Relations 35: 19-46

Becker H.S. (1958) Problems of Inference and Proof in Participant Observation

American Sociological Review 23 December: 652-60

Flood R.L. (1992) Entrepreneurship, Intrapreneurship and Innovativeness

Entrepreneurship, Innovation and Change Vol 1 No 1: 13-25 Plenum, New York

Oliga J.C. (1992) Towards a Minimal Order in the Discourse of Entrepreneurship, Innovation and Change

Entrepreneurship, Innovation and Change Vol 1 No 2 pp 153-159

Ray D.M. (1991) Risk Taking in Different Contexts of New Venture Development: An Exploratory Study in Singapore

In *Proceedings of ENDEC World Conference on Entrepreneurship and Innovative Change* July 3-5 1991, Singapore

Jacobi J. (1969) The Psychology of C.G. Jung, London