Entrepreneurial Potential and Potential Entrepreneurs
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Before there can be entrepreneurship there must be the potential for entrepreneurship, whether in a community seeking to develop or in a large organization seeking to innovate. Entrepreneurial potential, however, requires potential entrepreneurs. This paper discusses antecedents of such potential and proposes a model based on Shapero’s (1982) model of the entrepreneurial event. We then discuss this model in light of supporting evidence from two different perspectives, corporate venturing and enterprise development.

Potential entrepreneurs appear critical to Shapero’s (1981) notion of a resilient, “self-renewing” economic environment, whether we examine a community or an organization. Resilience requires a supply of potential entrepreneurs who surface and take the initiative when a personally attractive opportunity presents itself. Taking such initiative helps the local economy or parent organization adapt to our ever-changing world. The entrepreneurial event requires a preexisting preparedness to accept that opportunity (i.e., “potential”) followed by something that precipitates the decision (Shapero, 1982; Reynolds, 1992). Potential entrepreneurs need not have any salient intentions toward starting a business; their potential is latent and is causally and temporally prior to intentions.

To Shapero, “resilience” characterizes communities that are successfully developing; it also characterizes organizations that are successfully innovating (e.g., creating new ventures). In both cases it appears to be absolutely vital to identify and encourage a healthy supply of potential entrepreneurs. The question is: Who are these potential initiative takers, these potential entrepreneurs? How do we encourage the creation of entrepreneurial potential?

This paper offers a social psychology perspective on how to conceptualize and test the notion of entrepreneurial potential. This approach might be best described as a process-based, theory-driven micro-model with macro-consequences. The proposed model draws upon a robust, powerful cognition-based literature on intentions and the much-ignored work of Albert Shapero. Those who wish to find the entrepreneur in entrepreneur need to employ social cognitive process models that explicitly recognize the central role of perceived, enacted reality (Shaver & Scott, 1991). Researchers should be explicit in their definitions (Gartner, 1989). We have already distinguished potential from intention, we define “entrepreneurship” as “the pursuit of an opportunity irrespective of existing resources” (e.g., Stevenson, Roberts, Grousbeck, 1989) and define “entrepreneurs” as those who perceive themselves as pursuing such opportunities.
DEVELOPING ENTREPRENEURIAL POTENTIAL

“Chance Favors the Prepared Mind”

Pasteur’s pithy explanation of how science progresses applies equally to the entrepreneurial event. Opportunities are seized by those who are prepared to seize them.

Despite a focus on the potential entrepreneur, we fully recognize that entrepreneurial activity does not occur in a vacuum. Instead, it is deeply embedded in a cultural and social context, often amid a web of human networks that are both social and economic (Reynolds, 1992).

We may speak of a group, an organization or a community as being entrepreneurial without necessarily speaking of entrepreneurs per se. Implicit in this is the notion that the group, organization, or community possesses some potential for entrepreneurial activity. The environment need not be already rich in entrepreneurs, but has the potential for increasing entrepreneurial activity. Shapero (1981) argued that such potential characterized economically self-renewing communities and organizations. He further argued that the key to long-term resilience was increasing the supply of individuals who see themselves as potential entrepreneurs, rather than counting coup over each immediate job created (or business attracted).

It is from our contexts that we learn our beliefs, attitudes, and assumptions about the world; we do so from our earliest days to adulthood (e.g., Katz, 1992; Scott & Twomey, 1988). Should we not learn our beliefs about starting a business? Recent evidence suggests that we do (e.g., Krueger, 1993b; Peterson & Roquebert, 1993).

Economic resilience arises from an environment that Shapero (1981, 1982) described as “nutrient-rich.” In this metaphor, he considered “nutrients” to include social and cultural support, information and tacit knowledge, as well as more tangible resources. Regardless of the existing level of entrepreneurial activity, such “seedbeds” establish fertile ground for potential entrepreneurs when and where they perceive a personally viable opportunity. That is, “entrepreneurial potential” requires “potential entrepreneurs.” This conclusion applies equally to groups and organizations.

Brazeal (1993b) shows that an organization may have a considerable supply of potential intrapreneurs even if they do not display any overt intentions to start a corporate venture. Her findings argue that situational perceptions may explain the gap between potential and intention (Brazeal, 1993a; Brazeal & Weaver, 1990).

This also represents an opportunity for scholars of entrepreneurship to make contributions in a broader arena. In exploring potential entrepreneurship, we may find models usefully applicable to other potential behaviors. The social psychology of “potential” behavior has been little explored. The potential for entry to a given career can persist over time regardless of current intentions: Why not the potential for an entrepreneurial career?

Few research studies have conceptualized or measured entrepreneurial potential, though interest in pre-emergence entrepreneurial activity has recently grown (e.g., Gartner, Bird, & Starr, 1992). However, measures of entrepreneurial potential seem to remain wedded to various ad hoc profiles of personality and demographic characteristics with minimal predictive validity (e.g., Carsrud, Gaglio, & Kernochan, 1993). As Shaver and Scott (1991) note, if we wish to understand the entrepreneur, we need to look at people’s mental representations of career characteristics and how they enact their career environment.

The “Lenses” of Intention

This paper will explore two highly applicable models and their key constructs. Next,
we build on those models to develop a model of entrepreneurial potential and its implications. We then illustrate those implications in two different settings, economic development and corporate entrepreneurship. Finally, we offer tentative prescriptions based on insights from these models.

Formal, theory-driven models of intentions have proven remarkably robust in predictive validity. Shapero's model of the entrepreneurial event derives largely from his work on the role of entrepreneurship in economic development. An intentions-based approach seems equally applicable to research on corporate ventures as well as on economic development.

Entrepreneurship clearly represents planned, intentional behavior (Bird, 1988; Katz & Gartner, 1988) and thus seems amenable to research using formal models of intentions. The intentions literature strongly suggests two critical notions. First, intentions serve to focus decision makers' attention on a target behavior and routinely prove to be the best single predictor of that behavior. In turn, certain key attitudes or beliefs robustly predict intentions. That is, the forces acting upon a potential behavior do so indirectly by influencing intentions via those key attitudes (described below). Second, these key attitudes and intentions are perception-based. Thus, they are learned and learnable and necessarily vary across both individuals and situations.

We briefly overview of the dominant model of behavioral intentions, Ajzen’s theory of planned behavior and Shapero’s model of the entrepreneurial event. We propose a model of entrepreneurial potential that builds on these overlapping models.

**Ajzen’s Theory of Planned Behavior (TPB)**

In Ajzen’s theory of planned behavior (TPB), there are three key attitudes that predict intentions: (a) “attitude toward the act,” which subsumes perceptions of likely intrinsic and extrinsic personal outcomes; (b) “social norms,” which subsumes the perceived extrapersonal influences on the decision maker; (c) “perceived behavioral control,” which subsumes personal perceptions of the behavior’s feasibility. The latter construct largely overlaps with Bandura’s construct of perceived self-efficacy, the perception that one can execute the target behavior.

Most research into intentions focuses on proximal behaviors, not long-term goals, but TPB does appear applicable to entrepreneurship (see Krueger & Carsrud, 1993). However, we already have a model that directly addresses this very issue: Shapero’s model of the “entrepreneurial event” (1975, 1982).

**Shapero’s Model of the “Entrepreneurial Event” (SEE)**

Shapero’s model assumes that inertia guides human behavior until something interrupts or displaces that inertia. Displacement is often negative (e.g., job loss), but can easily be positive (e.g., an inheritance). Displacement precipitates a change in behavior and the decision maker seeks the best opportunity available from her or his enacted set of alternatives (Katz, 1992).

The choice of the resulting behavior depends on the relative “credibility” of alternative behaviors (in this situation to this decision maker) plus some “propensity to act” (without which the decision maker may not take any significant action). “Credibility” requires that the behavior be seen as both desirable and feasible. The entrepreneurial event thus requires the potential to start a business (credibility and propensity to act) to exist prior to the displacement (along with the disposition to act after being displaced).

As with TPB, other influences operate through person-situation perceptions of de-
sirability and feasibility and through propensity to act; they do not affect intentions or behavior independently. That is, influences on entrepreneurship affect attitudes, which influence intentions, which influence behavior.

Shapero offers further evidence that perceptions are critical. He offers examples where significant life events (job loss, migration, etc.) precipitate sizable increases in entrepreneurial activity. The individuals had not changed, only their perceptions of the new circumstances had. The potential to be entrepreneurs was clearly there, but it required some sort of displacement for that potential to surface. Moreover, he offers examples where only the subjective circumstances had changed (e.g., turning 40).

Evidence is persuasive that perceived credibility, perceived desirability, and propensity to act explain well over half of the variance in intentions toward entrepreneurship, with feasibility perceptions explaining the most (Krueger, 1993a). If perceptions of situational competence are absolutely critical to intentions and to potential, this suggests that we further explore self-efficacy as it applies to this arena.

**Perceived Self-Efficacy**

Perceived self-efficacy is the perceived personal ability to execute a target behavior. That is, self-efficacy is an attribution of personal competence and control in a given situation. Self-efficacy is linked conceptually and empirically to attribution theory, which has seen growing interest in entrepreneurship research (e.g., Gatewood, Shaver, & Katz, 1992; Meyer, Zacharakis, & de Castro, 1993). The highly self-efficacious label setbacks as learning experiences, not personal failure. Self-efficacy has been linked theoretically and empirically with phenomena related to managerial behavior, managerial cognition, and directly to entrepreneurship.

*Self-efficacy and managerial behavior and cognition.* Self-efficacy is linked to initiating and persisting at behavior under high uncertainty, to setting higher goals, and to reducing threat-rigidity and learned helplessness (e.g., Bandura, 1986). To be blunt: No self-efficacy, no behavior. Opportunity and threat perceptions have been shown to be driven by situational perceptions of controllability (e.g., Dutton, 1993) and by situational perceptions of self-efficacy (Krueger & Dickson, 1993). Personal perceptions of controllability and self-efficacy strongly influence situational risk perceptions (Yates & Stone, 1992). Self-efficacy is also linked to reduced behavioral rigidity in the face of threats and to persistence and performance in the face of adversity (Bandura & Wood, 1989). Perceived self-efficacy is the strongest single predictor of career choice (Bandura, 1986).

*Self-efficacy and entrepreneurship.* Given that self-efficacy predicts opportunity recognition, it is unsurprising that self-efficacy perceptions appear central to intentions toward entrepreneurship (Scherer, Adams, Carley, & Wiebe, 1989). Self-reported competencies predict entrepreneurial performance (Chandler & Jansen, 1992). We learn self-efficacy from actual mastery of the behavior and from believable models of the behavior. It is enhanced by believable information about the behavior and emotional support for performing the behavior (Bandura, 1986). These antecedents prove important to promoting the perceived feasibility of new ventures.

Formal theory-driven models of intentions, anchored by perceived self-efficacy, are invaluable to understanding intentions toward planned, intentional behaviors like entrepreneurship. On the other hand, intentions models assume that the target behavior is salient in the decision maker’s mind. Even if there is significant potential to perform a behavior, there need not be any intentions to do so. (We all have the potential to bungee jump, but few have well-formed intentions to do so . . . ) Salient change in the situation is needed to precipitate intentions and thus behavior. For example, unexpected situations
are one of the rare non-intentional predictors of behavior whose influence is statistically significant (Cote, McCullough, & Reilly, 1985). Also, the predictive validity of intentions depends on how fully coalesced those intentions are (Bagozzi & Yi, 1989).

All of this suggests that the social psychology of career decisions is such that intentions models need modification to address the question of potential. The notion of potential seems causally prior to intentions; one can have great potential without any corresponding intentions. The notion is inherent in Shapero’s writings on “self-renewing” economic development (1981). Many business founders had little intention of starting a business only a few years before (Katz, 1989), again suggesting that we must observe potential.

Figure 1 offers our proposed model of potential, which situates Shapero’s model within the context of the intentions process. The next section of this paper will address how this model offers some useful insights into internal corporate venturing and into enterprise development.

**DEFINING KEY CONSTRUCTS IN “ENTREPRENEURIAL POTENTIAL”**

**Enterprise Development and Corporate Ventures**

We have chosen to examine this model of potential in terms of two different settings because Shapero himself saw strong parallels between the two contexts. Although each setting also illustrates different things, we show that the model appears to generalize across situations. Entrepreneurial events occur in both settings, though they may be less obvious in corporate ventures. By looking at conceptual issues for each component of the model, we should be able to identify some characteristic beliefs and attitudes of potential entrepreneurs. By looking at measurement issues, we gain some insights into identifying potential entrepreneurs in the field.

In practice, any such analysis must include a broad cross-section of the population in question. The model argues that predicting potential entrepreneurs on the basis of demographics, personality, or other static criteria could prove difficult in an enacted environment. The beliefs and attitudes of potential entrepreneurs are driven by perceptions more than objective measures.

The theory of planned behavior and Shapero’s model of the entrepreneurial event
overlap considerably. Using Shapero’s terminology, Figure 1 suggests three critical constructs: Perceived Desirability, Perceived Feasibility, and Propensity to Act. At the risk of oversimplifying the models, perceived feasibility in SEE corresponds to perceived behavioral control in TPB (both correspond to perceived self-efficacy); TPB’s other two attitude measures are subsumed by SEE’s perceived desirability.

Let us examine each of these.

**Perceived Venture Desirability**

This construct of perceived desirability subsumes the two attractiveness components of the theory of planned behavior, “attitude toward the act” and “social norms.” They are typically intercorrelated, but for clarity we discuss them separately.

**Conceptual issues related to attitude toward the act.** This taps perceptions of what an individual finds personally desirable, which in turn depends on the likely personal impact of outcomes from performing the target behavior. We should distinguish between good and bad outcomes. Prestige may not be important to a potential entrepreneur, but she or he may wish to avoid being thought of as exploiting the community. In the same vein, we should consider both incentives and disincentives.

Intrinsic rewards seem crucial. Perceptions of desirability are related to an intrinsic interest in entrepreneurship and innovation. To what extent would an individual be interested in working outside the system? One critical issue here is preference for types of venture. Someone who prefers managing high growth might prefer a new venture over an established business. By the same token, one might prefer low-tech over high-tech. Research has already identified distinctions among entrepreneurs based on preferences (e.g., crafts-person vs. opportunist, high growth vs. low growth, prospector vs. defender). One that is particularly appropriate is the notion of “promoter” versus “trustee.” The promoter is the archetypical wheeler-dealer and the trustee is the ultimate bureaucrat (Stevenson, Roberts, & Grousbeck, 1989).

In promoting potential entrepreneurial behavior in a community, too often the community or its representatives offer new businesses what it perceives is needed, rather than what is wanted. Preferences for specific types of business should prove important to understanding what potential entrepreneurs find attractive or unattractive.

In a corporate setting, we should examine the compensation package devised by management for the rewarding of innovative activities. This includes the criteria for rewards and both extrinsic and intrinsic rewards, all as perceived by the potential innovator. A reward system that seems ideal for promoting innovation need not be perceived as such by the rewardee. Also, informal punishments may override the formal reward system.

**Measurement issues.** We recommend examination of the reward system as it is perceived (and its impact on performance). We advise paying particular attention to intrinsic rewards. We should measure disincentives as well as incentives. A community or organization may offer significant short-term incentives, yet simultaneously offer sizable long-term disincentives.

For corporate ventures, Patchen’s validated Interest in Work Innovation scale taps an individual’s desire and motivation to engage in creative activities. For enterprise development, we simply need to identify individuals’ perceptions of existing rewards. In either case, it is vital that we identify the actual preferences of potential entrepreneurs, including the promoter/trustee distinction. Such a scale is under development; preliminary results suggest that there is a sizable pool of corporate managers who prefer an entrepreneurial business environment (Brazeal, 1993b).
Conceptual issues related to Social Norms. Social norms are tied to our perceptions of what important people in our lives would think about our launching a venture.

In community settings, potential entrepreneurs may have a large, diffuse reference group that definitely includes family and friends. Cultural impacts come from the community at large: Is there a clear sense that important institutions and community leaders truly approve of self-employment or do their actions suggest skepticism?

In a corporate setting, the potential entrepreneur’s reference group may not be family and friends, but rather the perceived beliefs of top management and their colleagues (including those who have already started a venture). Thus, social norms here may serve as a vital channel for the influence of organizational culture.

Measurement issues. In a community setting, we often see measures such as the Development Report Card and other tabulations of objective data. However, it is quite clear that the potential entrepreneur may enact a very different environment (Weick, 1979). Low wages may be a negative element, reflecting low worker skills; strong union activity may be a positive element for someone who wants to set up a worker-leasing business. Various small business lobby groups routinely survey their members about their perceptions. Communities must pay closer attention to subjective data of this nature in order to understand the beliefs and attitudes of potential entrepreneurs.

In a corporate setting, organizational culture may be measured by Kuratko, Montagno and Hornsby’s (1991) 48-item scale which addresses an individual’s perception of the workplace and environment with attention to the organization’s overt and covert encouragement and discouragement of innovative activities. Subscales include work discretion/decision autonomy, incentives for entrepreneurial activity, time availability, management support, and ease of crossing department boundaries for team formation. Such an instrument helps us see what cultural elements are perceived by organization members. We might also consider measuring relevant elements of organizational politics.

Perceived Venture Feasibility (Perceived Venture Self-Efficacy)

Conceptual issues. Perceived self-efficacy is a person’s perceived ability to execute some target behavior. It appears critical to understanding planned, intentional behavior by influencing intentions through situational perceptions of feasibility. In the context of careers, self-efficacy is the perceived personal capability to do a specific job or set of tasks. Research has begun to identify which competencies are critical to launching and to maintaining a venture (Chandler & Jansen, 1992).

Promoting self-efficacy is more than teaching competencies; students and trainees must fully internalize those competencies through perceived mastery. Providing credible models of critical behaviors is also useful. (Non-credible models can actually reduce self-efficacy.) Psychological and emotional support will enhance self-efficacy.

In a community setting, potential entrepreneurs tend to operate with little information about possible obstacles. They are likely to see obstacles that are simply not there and to not see very real obstacles. Someone with well-developed intentions toward starting a business is more likely to have investigated obstacles than someone for whom intentions are not salient. For potential entrepreneurs to formulate actual intentions requires that they not be deterred by apparent obstacles. The community thus needs to avoid policies that intimidate potential entrepreneurs. Threatening to raise business taxes may deter someone already intending to start a business, but it will deter potential entrepreneurs even more.

Economically disadvantaged communities often suffer from deficits in self-efficacy.
Rabow, Berkman, and Kessler (1983) show that the victims of poverty visibly reflect the symptoms of learned helplessness, a perceived inability to help themselves. Hackett, Betz, Casas, and Rocha-Singh (1992) demonstrate that observed negative effects of gender and ethnicity on achievement by engineering students are fully mediated by self-efficacy. That is, only self-efficacy predicted achievement; however, self-efficacy varied across gender and ethnicity.

In a corporate setting, the organization itself presents obstacles in addition to those presented by the marketplace. Any entrepreneur faces possible obstacles such as underestimation of capital needs, incorrect assessment of market demand, and lack of contingency plans. Some of the most rigorous obstacles that an organization can erect include impatience by top management, lack of top management commitment to innovation, and unrealistic expectations (e.g., MacMillan, Block, & Narasimha, 1986). These combine in a resulting lack of top management support, an often fatal ailment for corporate ventures. Managers may come to believe that the “best” behaviors are those that represent the status quo, further reducing their self-efficacy for more innovative behaviors. Corporate managers may appear to have all the requisite skills and knowledge to start and run a new venture. Yet, they themselves may also not believe that they possess those skills.

Measurement issues. MacMillan, Black, and Narasimha (1986) provide a 27-item list of possible obstacles for corporate ventures; we can easily adapt the list for non-corporate ventures. We can measure self-efficacy regarding each obstacle, providing a sense of what obstacles are seen as most inhibiting. On the positive side, we can also easily generate comparable, testable lists of critical competencies. Such results offer ample grist for education and for training programs.

**Propensity to Act**

**Conceptual issues.** Shapero (1982) conceptualized propensity to act as a stable personality characteristic. However, research suggests that we can train individuals to behave more autonomously. We can teach self-management skills; we can teach skills at coping with adversity; we can visibly reward initiative taking (including unsuccessful initiative taking).

**Measurement issues.** Shapero indicated propensity to act was closely related to locus of control. Desire for control is closely linked with initiating and maintaining goal-directed behaviors and is significantly associated with entrepreneurial intentions (Krueger, 1993a), but other measures might also prove of value.

**Some Important Questions**

Before offering tentative prescriptions to communities or to organizations, let us articulate some questions that piqued our curiosity as we examined the model in light of existing research. Answers to these questions offer potential applications both to individual entrepreneurs in communities and to corporate entrepreneurs in larger organizations. However, in each case we recognize that dissimilarities will exist across different situations as well as similarities. We suggest that the richness of the model affords opportunities to ask (and answer) additional questions.

Q1: What kinds of role models most strongly reinforce the perceived desirability of starting a venture? How does this vary across settings (e.g., individual vs. corporate)? Does it vary within settings (e.g., promoter vs. trustee orientation)?

Q2: What specific components of organizational culture are most strongly related to the perceived desirability of corporate ventures?
Q3: How can we disseminate values of innovation and creativity in large organizations? In a community or region? 
Q4: What specific factors lead to the perceptions of self-efficacy for potential entrepreneurs in a community? In an organization? 
Q5: How does perceived access to knowledge, skills and resources affect the perceived feasibility of a prospective venture? 
Q6: What kinds of formal support mechanisms are most effective in encouraging entrepreneurs? (Again, how does this vary across and within settings?) 
Q7: What kinds of formal networks or programs lead to perceptions of new venture feasibility? 
Q8: What kinds of obstacles appear most likely to derail potential new ventures? 
Q9: What factors enhance or impair propensity to act? 
Q10: Where might this process prove dysfunctional (e.g., excess optimism)? 
Q11: What is the relationship between desirability and feasibility? 

Our goal is to encourage thought processes that support entrepreneurial activity and encourage them across diverse community settings and across organizational infrastructures. Therefore it is useful to examine questions such as these within the context of entrepreneurs’ thought processes. Based on the proposed model and prior research we can identify some tentative prescriptions.

PRACTICAL IMPLICATIONS

General Prescriptions

We first draw on the insights of Shapero and of Reynolds to argue that providing a reasonable supply of entrepreneurs first requires providing an environment congenial to creating potential entrepreneurs. The Shapero model argues that perceptions are often far more important than objective facts; potential entrepreneurs enact a personal environment that appears favorable. It further argues that if we want more potential entrepreneurs, we need to identify and establish policies that increase both their perceived feasibility and their perceived desirability, though our ability to increase propensity to act remains an issue.

Our objective is to empower individuals to have the potential to be entrepreneurs. To do so entails helping them be able to empower themselves. We need to provide what Shapero called a “nutrient-rich” environment for potential entrepreneurs. This “seedbed” should provide credible information, credible role models, and emotional/psychological support as well as more tangible resources. It also should provide opportunities to attempt innovative things at relatively low risk (e.g., trying and failing can be OK).

Prescriptions for Enterprise Development

For enterprise development in particular, community leaders must visibly support perceptions that entrepreneurial activity is both desirable and feasible. They must also visibly support potential and existing entrepreneurs. Shapero (1981) offers Jane Jacobs’s example of how Birmingham (where entrepreneurship appeared more credible) showed significantly greater resilience than Manchester (dominated instead by one industry).

As noted above, perceptions are critical. What prospective (and existing) entrepreneurs perceive is often more important than seemingly objective reality. Consider the “Massachusetts miracle.” High-tech entrepreneurship boomed despite an unsupportive government that earned the state the name of “Taxachusetts.” Yet, entrepreneurs look-
ing at a high-tech venture would see vast university resources and a booming Route 128, making such ventures appear quite feasible. Government and other institutions seemed supportive of technology-based firms, thus increasing public perceptions that high-tech was more desirable as well. On the other hand, manufacturers seemed to enact a considerably more pessimistic environment. We thus saw more entrepreneurship where perceived credibility was high; we saw less where credibility was apparently lower.

To increase desirability entails raising the consciousness of community members about the intrinsic rewards of starting a new business, again through highly visible role models and through evidence of strong community support. They must avoid needless deterrents, intangible as well as tangible. For all their vaunted autonomy, entrepreneurs prefer being seen as benefiting their communities, not as exploiting them. Hebert (1993) observed that leaders of communities and other institutions must themselves visibly join the bandwagon and display a team spirit. Leaders should support opportunity seeking, not status quo preserving. This requires supporting opportunity seekers and not supporting champions of the status quo (or those who oppose job creation).

To increase feasibility may require little more than training interested people in critical competencies, raising their self-efficacy at key entrepreneurial tasks. We must also make resources both available and visible. Publicizing entrepreneurial successes that are credible role models will increase perceptions that starting a business is indeed feasible. Finally, increasing the diversity of possible opportunities increases feasibility perceptions; restricting the range of opportunities reduces them. The greater the number of possible opportunities, the more likely it is that a given individual can identify an opportunity that is personally worth pursuing.

We as educators can help to increase perceptions of entrepreneurship’s feasibility and desirability, not just for prospective entrepreneurs but also for community and institutional leaders.

Prescriptions for Corporate Ventures

Increasing perceived desirability requires that individuals perceive mostly positive outcomes for internal venturing, including intrinsic rewards such as a supportive culture that embraces entrepreneurial pursuits. A supportive culture encompasses structures, reward systems, and support mechanisms that collectively reinforce values and norms favorable toward entrepreneurship and innovation.

One caveat to building an organizational culture that supports entrepreneurial activity is noteworthy. Dougherty and Bowman (1993) suggest that downsizing typically leads to less innovation. We agree that changing the mindset of an organization is never a simple task. Trying to increase perceptions that a risky new venture is desirable (let alone feasible) is challenging enough without the added uncertainty of a reorganization or outright downsizing. It is perceived as a huge risk to be creative and move beyond one’s current organizational role. Dougherty has already noted that innovation in most organizations is inherently “illegitimate” as it unavoidably disrupts the status quo. In a downsizing, the status quo is already threatened, as are managers’ perceived roles.

Perceived feasibility requires perceptions that obstacles are surmountable and that resources are available. If ventures are perceived as infeasible, that hardly promotes perceptions of legitimacy. Brazeal (1993a, 1993b) shows that potential intrapreneurs are there, but it seems likely that perceptions of feasibility are not. Raising feasibility perceptions might involve providing opportunities for managers to “try their wings” at running an independent project or existing entrepreneurial vehicles for channeling innovation and entrepreneurship.

One such formalized program is the successful “Enter-Prize” program at Ohio Bell.
In this program employees develop revolutionary products of ‘‘newstreams’’ that compete for potential funding. Winners are encouraged to work full-time on their projects and receive a cash bonus based on the project’s contribution to profit. The Enter-Prize program legitimizes innovation in the eyes of the organization and in the eyes of employees’ peers. It also provides visible evidence that employees can successfully launch a new product (Kanter, 1991). This further increases legitimacy by sending a tangible, direct message that entrepreneurship and entrepreneurs are valued and important to the success and survival of the organization.

In sum, organizations wishing to tap the entrepreneurial potential of their employees ultimately must demand that top management demonstrate commitment to a philosophy of risk taking, proactivity, and innovative behaviors (Covin & Slevin, 1991; Guth & Ginsburg, 1990).

DISCUSSION AND RESEARCH IMPLICATIONS

This notion of potential links two important areas of practical concern in entrepreneurship research: promoting economic development through increased entrepreneurship, and promoting corporate innovation through internal entrepreneurship. The list of research questions that we offered is hardly exhaustive, but research needs to identify both incentives and disincentives to perceptions of feasibility and desirability. If innovation by corporations and entrepreneurs is as critical to competitiveness as many argue, then we might also seek to link this research to those broader debates.

In a community setting, we find that support from political, social, and business leaders and a team spirit in the community are all critical to encouraging entrepreneurship. Such support influences perceptions that starting a business is desirable and that doing so is feasible. However, there is still much we can do to identify those factors that contribute the most to perceptions of desirability and feasibility and those that diminish such perceptions. Unanswered is the question of how to encourage entrepreneurship in a discouraged population. Can we use the model to identify tactics to overcome learned helplessness?

In a corporate setting, we find striking parallels. Active top management support, ample resources, and a pervasive interdepartmental team spirit have been cited frequently as successful means of combating bureaucratic processes and procedures linked to organizational inflexibility (e.g., Kuratko, Montagno, & Hornsby, 1990). Again, there is much still to learn about the impact of specific factors. For instance, what are the mechanics of effectively diffusing entrepreneurship through hopelessly bureaucratic infrastructures? The model suggests that enhancing the credibility of new ventures probably entails a supportive culture in conjunction with formal programs that send a clear message that entrepreneurial activity is vital to the organization.

In both cases, personal perceptions of context are critical. We need to better understand how our findings vary across (and within) settings. For instance, do the same incentives apply to specific target groups (e.g., women, ethnic minorities, low-income individuals, engineers)?

Research findings have contributed much to the understanding of how to infuse stagnant organizations with vision and energy. Still, the work of Shapero, Reynolds, and others argues that there are two likely flaws that we still need to address in our research.

(1) By focusing upon cultural, personality, and demographic factors associated with entrepreneurship and upon obstacles, we still fail to fully acknowledge the volitional component of entrepreneurial activity (e.g., Shaver & Scott, 1991). Somebody has to do it. Somebody has to decide to do it.
Research interest in entrepreneurs' cognitions, beliefs, and pre-emergence decision processes is growing. Simply put, we have now begun to ask what kinds of factors contribute to the decision to become involved in entrepreneurial activity.

(2) Where we do focus on processes underlying entrepreneurial activity, we too often look backward through the lens of existing entrepreneurs. Studies of entrepreneurial intentions are relatively few (as are studies of the opportunity recognition process), but are typically enlightening. Scott and Twomey (1988) showed us that cumulative exposure to multiple role models is important. Scherer et al. (1989) showed us that the impact of role models operates through changing perceptions of self-efficacy. Katz (1992) showed us that choosing self-employment as a career is influenced by information cues. Krueger (1993b) demonstrates that early exposure to entrepreneurship (and the nature of that exposure) shapes attitudes and intentions toward self-employment. Peterson and Roquebert (1993) show in detail how family and community values influence beliefs about the viability of self-employment as a vehicle for achievement.

Still, to fully understand the entrepreneurial process requires starting with an examination of the potential entrepreneur. This paper has shown the value of examining potential entrepreneurs in two disparate settings: corporate venturing and enterprise development.

This suggests formally testing the potential model. We can seek to identify the supply of potential entrepreneurs in actual organizations and in the general population. For instance, for organizational settings we have already noted the likely utility of instruments such as Kuratko, Montagno, and Hornsby's (1990) scales. For community settings, Katz (1992) shows how to take advantage of large archival databases in order to test cognition-based psychosocial models. In both settings, we can test within-subjects models using different strategic orientations (Krueger & Carsrud, 1993).

Our most important conclusion, though, remains the primacy of perceived feasibility. Given that conclusion, we need to research what factors contribute the most to perceptions of feasibility. For instance, we can test the impact of teaching critical entrepreneurial competencies on perceptions of feasibility. (Do they also influence perceptions of desirability?)

An important implication of all this requires one additional insight (but an old one): Entrepreneurship (or the entrepreneur) is not something mystical nor is it confined to some anointed group of people. Entrepreneurs are made, not born. They are made through a perception-driven enactive process that begins with forging a potential for entrepreneurship. As educators, as consultants, and as policy advisers we can assist this process through helping empower potential entrepreneurs who will be better able to seize opportunities when the environment presents them.

REFERENCES


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