

Why Do Some People Choose to Become Entrepreneurs? An Integrative Approach

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Why do some people but not others choose to become entrepreneurs? Scholars have used different approaches, including trait, demographic, cognitive, and environmental, to examine this question, but no single approach is sufficient to explain individuals' decision to start a venture. It has been argued that entrepreneurial behavior cannot be understood adequately without consideration of both the individual and the environment. In this study, I develop a model integrating two levels of analysis, the individual and the environment, to explain venture creation decisions. The model helps resolve conflicting arguments and evidence in the entrepreneurship literature.

INTRODUCTION

Why do some people but not others choose to become entrepreneurs? This is a basic question in the field of entrepreneurship (Baron, 2004). Different approaches have been employed to address the question. Among them, trait approach has received a lot of attention. Entrepreneurial activities are performed in uncertain situations, so entrepreneurs need to face uncertainty and bear risk (Mises, 1963). Some psychological traits such as tolerance for ambiguity and risk taking seem to be important for entrepreneurship, but research has not provided strong support for this argument (Bhide, 2000). Scholars have also used other approaches, including demographic, cognitive, and environmental, but any single approach is not sufficient to explain entrepreneurial behavior.

Venture creation is a central issue in entrepreneurship (Low & MacMillan, 1988). "What differentiates entrepreneurs from non-entrepreneurs is that entrepreneurs create organizations, while non-entrepreneurs do not" (Gartner, 1988:11). In this study, I use entrepreneurial behavior and venture creation interchangeably and focus on the following question: why do some people but not others choose to create their own venture? Individuals' decision to start a business can be affected by many factors, including personalities, cognitive attributes, social networks, prior knowledge and experience, and market/industry conditions (Ardichvili et al., 2003; Short et al., 2010). These factors are related to two levels of analysis: the individual and the environment. It has been argued that venture creation cannot be understood adequately without consideration of both the individual and the environment (Carsrud & Johnson, 1989). Very few studies have addressed the integration of the two levels of analysis. This study attempts to fill the gap by developing an integrative model.

The remainder of the paper is organized as follows. First, I review the literature of entrepreneurship, focusing on different approaches to entrepreneurial behavior. I then group those approaches into two broad categories: the individual based and the environment based. Second, I identify key variables at both

the individual and the environment levels. Third, I develop a framework integrating the individual and the environment. Finally, I discuss implications of this study and future research directions.

LITERATURE REVIEW

In this section, I review different approaches used to examine entrepreneurial behavior. Based on the review of the literature, I summarize existing research and discuss the importance of an integrative approach.

Trait Approach

Trait approach proposes that entrepreneurship is a function of stable psychological characteristics possessed by some people. It is the enduring human attributes that lead these people to start their own business. Considerable research has been conducted on the differences between entrepreneurs and non-entrepreneurs. For example, Hornaday (1982) identified 42 attributes possessed by entrepreneurs. Among those attributes, the following four are frequently cited and considered important: risk taking propensity (Brockhaus & Horowitz, 1986), need for achievement (McClelland, 1961), tolerance for ambiguity (Begley & Boyd, 1987), and internal locus of control (Brockhaus, 1982).

Risk Taking Propensity

Venture creation tends to involve risk, so risk-taking appears to be one of the most distinctive features possessed by entrepreneurs (Das & Teng, 1997). Some scholars view entrepreneurs as inherent risk takers. For example, Leibenstein (1968) argued that the entrepreneur is “the ultimate uncertainty and/or risk bearer” (p.74). Gasse (1982) also contended that risk-taking propensity fundamentally distinguishes entrepreneurs from managers. Some empirical studies have provided support for this argument. Hull et al. (1980) reported that people were risk-taking when starting a business. Koh (1996) found that individuals with entrepreneurial inclination had a higher tendency to take risk than those with no entrepreneurial inclination.

The risk-taking argument is appealing, but not all scholars agree that entrepreneurs are risk-takers. According to McClelland (1961), entrepreneurs have a moderate level of risk-taking propensity. The reason is that they are not gambling in Las Vegas, but pursuing tasks that are achievable and controllable. Instead of deliberately pursuing risk, entrepreneurs assess and calculate risk carefully, so they are more likely to be moderate risk takers (Cromie & O’Domoghue, 1992). They use their own skills to earn a profit and achieve success (Cunningham & Lischeron, 1991). Miner (1990) even argued that a key task in entrepreneurship is to avoid risk.

Need for Achievement

Need for achievement motivates people to engage in uncertain tasks. It is a personality trait possessed by successful entrepreneurs (McClelland, 1961) and is an important determinant for entrepreneurial activities (Durand & Shea, 1974). There is empirical evidence that entrepreneurs have higher need for achievement than the general population (Begler & Boyd, 1987). However, it is also likely that people with high need for achievement pursue other jobs such as management to achieve their goals (Cromie, 2000). Hull et al. (1980) found that need for achievement was not associated with the propensity to start a business. Koh (1996) showed that entrepreneurs did not have higher scores in need for achievement than managers.

Internal Locus of Control

If individuals do not believe in their ability to influence the outcome, they are not likely to risk their own money to create a new business (Mueller & Thomas, 2001). It is argued, therefore, that entrepreneurial behavior is linked to internal locus of control (e.g., Brockhaus, 1982; Perry, 1990; Shapero, 1975). This link has received support from some empirical studies. Cromie and Johns (1983) found that entrepreneurs scored higher on internal control than experienced managers; Shapero (1975)

reported that the entrepreneur group had higher internal control than the non-entrepreneur groups. However, not all empirical studies supported the positive relationship between internal locus of control and entrepreneurial behavior. Cromie et al. (1992) found no differences in internal control between entrepreneurs and managers. Koh (1996) showed entrepreneurial-oriented and non-entrepreneurial-oriented MBAs did not differ in internal control.

Tolerance for Ambiguity

Tolerance for ambiguity is the willingness to act in an uncertain situation (Bhide, 2000). It has been argued that entrepreneurs are willing to tolerate ambiguity because the activities they perform are often uncertain. They “eagerly undertake the unknown” and “willingly seek out and manage uncertainty” (Mitton, 1989: 15). Many people do not want to pursue a potential opportunity because of their innate or psychological unwillingness to act in face of uncertainty (Bhide, 2000). Koh (1996) found that individuals who were entrepreneurially inclined had more tolerance for ambiguity than those who were not. Tolerance for ambiguity may be important for entrepreneurship, but other factors such as skills and backgrounds can also help individuals venture into an uncertain world (Bhide, 2000).

As reviewed above, the trait approach seems appealing, but the support for “distinctive qualities” has been weak or nonexistent (Bhide, 2000). When explaining the unsuccessful application of psychological theories to entrepreneurship, Carsrud and Johnson (1989) presented four reasons. First, entrepreneurs are assumed to have stable characteristics, which may not be true. The environment is likely to enact a change of individuals’ attributes. Second, personality traits are not sufficient to explain specific social behaviors. Third, research on entrepreneurship typically separates “micro” level variables from “macro” level variables. Fourth, there is a lack of systematic research.

Demographic Approach

This approach uses individual demographic information to identify entrepreneurial behavior. It is based on the following assumption: people with similar backgrounds possess similar characteristics (Robinson et al., 1991). Therefore, entrepreneurial behavior may be predicted by identifying the known entrepreneurs’ characteristics such as gender, age, education, socioeconomic status, and past experiences. Though some studies suggest that men are more likely to display entrepreneurial behavior than women (Crant, 1996), gender alone cannot explain why some men or women choose to become entrepreneurs. The relationship between education and entrepreneurship is unclear. Education helps individuals gain knowledge and skills needed for venture creation, but may or may not shape entrepreneurial behavior. Souitaris et al. (2007) found education had positive impact on entrepreneurial intention. Oosterbeek et al. (2010) reported education decreased students’ intention to start a business, suggesting education may serve as a mechanism for sorting students. The impact of socioeconomic status on entrepreneurial behavior is not clear either. High status equips individuals with more resources, thus facilitating entrepreneurship. Low status may motivate individuals to be their own boss in order to avoid “shame” (Goss, 2005). Bhide (2000) argued that individuals with middle-class status are more likely to start a business than individuals from extremely wealthy or extremely deprived backgrounds. Entrepreneurial experience has been found to have positive impact on venture creation (Davidsson & Honig, 2003; Delmar & Davidsson, 2000), but many ventures are also created by people who have no entrepreneurial experience.

Cognitive Approach

Cognitive approach focuses on the cognitive mechanisms through which individuals acquire, store, transform, and use information in the decision making process (Matlin, 2002). New ventures are often created under uncertainty, so cognitive factors such as perception and interpretation of limited information can play important roles in venture creation decisions (Forbes, 1999). Existing cognitive research on entrepreneurship has emphasized individuals’ cognitive structures and processes (Shook et al., 2003).

Cognitive Structure Research

A cognitive structure is a hypothetical link between a stimulus and an ensuing judgment (Bieri et al., 1966). It is associated with knowledge storage and is often represented by constructs like schema, script, or knowledge structure (Gioia & Poole, 1984; Walsh, 1995). According to Busenitz and Lau (1996), cognitive structures function as a framework for people to enact their environment. It “invokes memory, provides knowledge, specifies relationships, and produces outputs by making predictions or inferences and initiating behavior” (p.28).

Entrepreneurs may have distinctive cognitive structures that have been addressed in different ways. Mitchell et al. (2000) found that arrangements, willingness, and ability scripts were associated with venture creation decisions. Krueger and colleagues (2000) reported that perceived feasibility and desirability had positive impact on individuals’ intention to start a new business. Existing cognitive research has treated cognitive structures as being given or stable. Instead, they are experienced-based and context-related (Abelson, 1976). They are formed when individuals experience events in specific contexts. They are not isolated from the environment.

Attitude, another form of cognitive structure, has also received attention in entrepreneurship research. It is defined as “the predisposition to respond in a generally favorable or unfavorable manner with respect to the object of the attitude” (Robinson et al., 1991: 17). Individuals’ attitude is not seen as being stable. Instead, it changes across both time and situation through person-environment interactions. Some scholars argued that attitude is a better indicator for entrepreneurial behavior than personal traits or demographic variables (McCline et al., 2000; Robinson et al., 1991).

Cognitive Process Research

A cognitive process refers to the way in which information is received and utilized (Walsh, 1995). Human beings are far from totally rational, so biases often exist in the decision making process. According to Baron (2004), cognitive biases play an important role in venture creation decisions. They help entrepreneurs navigate uncertain situations, process information, and simplify decision making (Busenitz & Lau, 1996). Among various forms of cognitive biases, heuristics have been extensively researched in the field of entrepreneurship. They are informal rules-of-thumb or intuitive guidelines that can produce quick solutions to problems (Tversky & Kahneman, 1974). Scholars have also identified the following forms of cognitive biases related to entrepreneurship: overconfidence (Busenitz & Barney, 1997; Busenitz & Lau, 1996; Simon et al, 2000), representativeness (Busenitz & Barney, 1997; Katz, 1992), illusion of control (Simon et al, 2000), and belief in the law of small numbers (Simon et al, 2000). Despite the importance of cognitive biases, the relationship between cognitive biases and venture creation is not conclusive. For example, based on a sample of 191 MBA students, Simon et al. (1999) found that overconfidence did not have positive impact on individuals’ decision to start a venture.

The Environment Approach

The environment approach to entrepreneurship focuses on the impact of the context on venture creation. There are three streams of research on the role of the context. First, role models, as contextual factors, have been extensively examined. According to Brockhaus and Horwitz (1986: 43), “. . . from an environmental perspective, most entrepreneurs have a successful role model, either in their family or the work place.” Empirical evidence suggests role models encourage entrepreneurial behavior. For example, Wang and Wong (2004) conducted a survey of 5326 undergraduates in Singapore and reported that respondents whose families ran a business were more interested in entrepreneurship. In the Netherlands, De Wit and Van Winden (1989) found that self-employed fathers had a decisive impact on the choice to become self-employed.

The second stream of research explores how the broad context supports or constrains entrepreneurial behavior. Researchers have examined the impact of the following aspects: political, economic, cultural, and support institutions. According to Gnyawali and Fogel (1994), the government can encourage entrepreneurial activities by creating an “enterprise culture” in which new ventures take reasonable risks and seek profits. It may also discourage potential entrepreneurs by imposing rules, procedural

requirements, and unfavorable policies on the venture creation process. Favorable economic conditions such as demand and industry growth are likely to exert positive impact on venture creation, but empirical studies have not provided strong support for this argument. For example, Okamuro (2008) found that districts with high expected profits did not have high start-up ratios. The role of culture in entrepreneurship has also been widely studied. Scholars have used Hofstede's (1980) four cultural dimensions, power distance, individualism, uncertainty avoidance, and masculinity, to assess the impact of culture. All dimensions seem to be relevant to entrepreneurship (Mitchell et al., 2000), but there is also evidence that national differences have greater impact than cultural differences (Tan, 2002).

Support institutions facilitate entrepreneurial activities. Support takes different forms. The availability of training programs is likely to influence the venture creation process (Gnyawali & Fogel, 1994) because entrepreneurship needs knowledge and skills. Financial assistance is another form of support. It addresses start-up capital needs and diversifies risk. Entrepreneurs also need a variety of non-financial assistance, including incubator facilities, counseling and advisory services, and entrepreneurial networks.

The third stream of research focuses on embeddedness, which can be relational and spatial (Thornton, 1999). The former is a social network of actors, while the latter is associated with the density and proximity of venture firms. Relational embeddedness can help potential entrepreneurs discover opportunities, secure resources, and obtain legitimacy (Elfring & Hulsink, 2003). Hills et al. (1997) reported that about half of the entrepreneurs obtained business ideas from their social networks. According to Nijkamp (2003), spatial embeddedness can provide "geographical seedbed conditions" for entrepreneurship, but is often neglected in research. The "geographical seedbed" can be in both metropolitan and non-metropolitan areas. Support services like counseling and training programs are often available in metropolitan areas, making them favorable locations for entrepreneurial activities. Non-metropolitan seedbeds are often found in high technology regions like Silicon Valley. Silicon Valley is an ecosystem consisting of institutions, venture capital, social capital, and entrepreneurial spirit.

Summary

Scholars have used different approaches to study entrepreneurial behavior. Each approach alone cannot answer the question: why do some people but not others become entrepreneurs? Different approaches focus on different influencing factors which can be grouped into two categories: individual-based and environment-based. The individual-based research emphasizes the role of the individual in starting a new business. The individual becomes an entrepreneur due to personal characteristics. The environment-based research puts emphasis on the individual's context. The context is important because it provides opportunities and assistance for venture creation. Table 1 presents a summary of research on venture creation based on the individual-environment classification.

Entrepreneurs have not been found to belong to a distinctive group. This conclusion does not necessarily mean personal characteristics are irrelevant. As Carsrud and Johnson (1989) argued, entrepreneurial behavior is human behavior, so individuals' psychological factors should not be excluded from entrepreneurship studies. The environment is also an inseparable part of the entrepreneurial process because it provides opportunities and support. Therefore, Carsrud and Johnson proposed that the individual and the environment be integrated. However, it's still unclear how to integrate the two levels of analysis. In the following section, I develop an integrative model explaining why some people choose to become entrepreneurs.

AN INTEGRATIVE MODEL OF VENTURE CREATION

Key Variables at the Individual and the Environment Levels

When venture creation is researched at the individual level, emphases have been placed on personality traits, demographic features, and cognitive characteristics. Though individual level factors vary widely, they are related to two broad questions. First, what knowledge and skills are needed for venture creation? The demographic research attempts to answer this question directly, while the cognitive research examines it through knowledge structures which are formed on a basis of what the individual has

possessed or experienced. I use “technical preparedness” to describe to what degree the individual has possessed knowledge and skills necessary for starting a business. Second, what do individuals need to possess in order to deal with uncertainty and risk associated with venture creation? The trait research attempts to answer this question. Though psychological traits are not sufficient to define entrepreneurs, if individuals are motivated, confident, and prepared for possible loss, they would be in a better position to start a business. I use “psychological preparedness” to describe to what degree the individual is prepared to handle risk and uncertainty in entrepreneurship. Entrepreneurship scholars have used two views to address the importance of the individual in venture creation: Schumpeterian view and Kirznerian view. The former emphasizes distinctive personal traits, while the latter stresses personal knowledge base (Dutta & Crossan, 2005). Technical preparedness is consistent with the Kirznerian view and psychological preparedness is consistent with the Schumpeterian view.

TABLE 1
RESEARCH ON VENTURE CREATION

	Individual-Based Research	Environment-Based Research
Main ideas	Identifying distinctive individual characteristics leading to venture creation	Emphasizing the role of the environment in shaping individuals’ decisions to create a venture
Approaches and key variables	<ul style="list-style-type: none"> • <u>Trait approach</u>: willingness to take risk; need for achievement; tolerance for ambiguity; and internal locus of control. • <u>Demographic approach</u>: gender; age; education; socioeconomic status, and past experience • <u>Cognitive approach</u>: schema; scripts; attitude; biases and heuristics; overconfidence; representativeness; illusion of control; belief in the law of small numbers 	<ul style="list-style-type: none"> • <u>Immediate context</u>: role model (in the family or work place) • <u>Broad context</u>: political/legal; economic; cultural; support institution. • <u>Embeddedness approach</u>: relational embeddedness; spatial embeddedness-
Implications	Variables at the individual level are not sufficient to explain venture creation	Variables at the environment level help explain venture creation, but the role of the individual cannot be neglected

At the environment level, research attention has been devoted to different aspects of the environment. Though the environment can affect entrepreneurship in different ways, it plays two basic roles: providing opportunities and facilitating venture creation process. Opportunity is a necessary condition for entrepreneurship. “Without an opportunity, there is no entrepreneurship” (Short et al., 2010: 40). Opportunities are discovered (Shane, 2000), so they exist in the environment. According to Dimov (2007: 561), “entrepreneurial opportunities do not simply ‘jump out’ in a final, ready-made form but emerge in an iterative process of shaping and development.” Opportunity development is an intentional process in which the individual’s domain knowledge and experience will play an important role. Detienne and Chandler (2004) classified opportunities as clearly and unclearly defined. To discovery unclearly defined

opportunities, individuals need to be creative and match “external stimuli with individual specific knowledge and capabilities” (p.245). Clearly defined opportunities just need search skills to be discovered. In this study, I address two types of opportunity: clearly defined and unclearly defined. With clearly defined opportunities, individuals are able to perform cost-benefit analysis. Risk may not be totally avoidable because of competition in the future. Reducing risk is largely a management issue. Unclearly defined opportunities are emerging in the environment. Because of their future uncertainties, it is hard to perform a formal analysis in terms of market and profitability. When potential entrepreneurs identify, develop, and act on opportunities, the environment may facilitate or hinder the process (Gnyawali & Fogel, 1994). Support from the environment may take different forms, including venture capital, incubation resources, training programs, consulting services, supportive attitudes and cultures, etc.

Based on the individual-environment classification and their key variables, I develop an integrative model, as shown in Table 2. This model illustrates a multifaceted phenomenon of entrepreneurship. Entrepreneurs may not be a distinctive group. Many people are likely to become entrepreneurs even if they are not prepared well and the environment is not favorable enough. I distinguish among four levels of likelihood of venture creation: very likely, likely, slightly likely, and least likely. Based on the two views of entrepreneurship, Kirznerian and Schumpeterian, I classify people into four groups, as shown in Table 3.

Proactive Professionals

If individuals are prepared well both technically and psychologically, they are often motivated to become entrepreneurs, regardless of the environment. An ideal situation is that the environment is also favorable: opportunities can be clearly defined and entrepreneurial support is available. With their knowledge and skills, this group of people can easily capture the opportunities with relatively low risk. If opportunities cannot be clearly defined, they tend to be broad and vague. In order to turn them into profitable businesses, potential entrepreneurs need to further develop them. Opportunity development is associated with both intrinsic personal traits and knowledge base (Dutta & Crossan, 2005). On the one hand, individuals need to invest time and money to further explore them, but whether or not they can finally become actionable opportunities is unknown (Dimov, 2007). Therefore, certain personal traits like risk taking and tolerance for ambiguity would be necessary. On the other hand, opportunity development needs relevant knowledge and skills. As far as support from the environment is concerned, it would be largely financial, cultural, and social. Training is unnecessary. A lack of support from those areas may not prevent the individual from starting a business. For example, empirical studies suggest that entrepreneurial activities can still be active in the environment characterized by hostility and conservative culture (Tan, 1996; 2002).

Conservative Non-Professionals

If individuals are not prepared both technically and psychologically, they are least likely to create their own business, regardless of the environment. Without basic knowledge and skills, it is difficult for them to detect any early signals implying profit potentials. That is to say, they are not likely to be aware of opportunities that are emerging. If the environment is supportive, they might learn from various support programs that potential opportunities exist in certain markets. The problem is that they lack the ability and motivation to further develop them. For clearly defined opportunities, they may be aware of their existence, but are hardly attracted to them for two reasons. First, these people lack motivation to pursue higher goals. They are not comfortable with challenges. They would be “rigid in nature” because of limited education and short-term orientation (Smith and Miner, 1983). Second, clearly defined opportunities involve low risk from a demand perspective. After they are turned into business, risk always exists because of competition. Psychological unpreparedness would discourage them from taking any risk or working under uncertainty. As a result, they lose interest in becoming entrepreneurs.

TABLE 2
AN INTEGRATIVE MODEL OF VENTURE CREATION

		The Environment		
The Individual		<i>Opportunity: Unclearly Defined</i>	<i>Opportunity: Clearly Defined</i>	
		<i>Support: Low</i>	<i>Support: High</i>	<i>Support: Low</i>
<i>Technical Preparedness: Low</i>	<i>Psychological Preparedness: Low</i>	Venture creation least likely • No awareness of opportunity	Venture creation least likely • No ability to develop opportunity	Venture creation least likely • Lack of interest
	<i>Psychological Preparedness: High</i>	Venture creation least likely • No awareness of opportunity	Venture creation slightly likely • No ability to develop opportunity • Overoptimistic	Venture creation likely • Profit potential • Overoptimistic
<i>Technical Preparedness: High</i>	<i>Psychological Preparedness: Low</i>	Venture creation least likely • Unwillingness to develop opportunity	Venture creation slightly likely • Conservative • Opportunity cost	Venture creation slightly likely • Profit potential • Conservative • Opportunity cost
	<i>Psychological Preparedness: High</i>	Venture creation very likely • Willingness and ability to develop opportunity • Proactive	Venture creation very likely • Willingness and ability to develop opportunity	Venture creation very likely • Profit potential • Ability to capture opportunity • Proactive

TABLE 3
CLASSIFICATION OF INDIVIDUALS

Conservative Professionals

Technical preparedness is important in the Kirznerian view, but it may not ensure venture creation. If it is combined with low psychological preparedness, venture creation can be likely, slightly likely, and least likely. Individuals with high technical preparedness are well equipped to identify emerging opportunities because of their knowledge and skills. They are also capable of developing them, but may not be willing to do so from a psychological perspective for two reasons. First, they often shy away from any risky initiatives. Though technically capable, they lack motivation to pursue higher goals. Second, these people often have good salaried jobs. They incur opportunity costs when switching to self-employment (Bhide, 2000).

If opportunities cannot be clearly defined and support from the environment is not readily available, pursuing the opportunities will be very risky. It is highly unlikely that conservative professionals are willing to quit their decent jobs and venture into an uncertain world. If the environment can provide support such as venture capital, incubation resources, and positive social attitude, they may perceive less risk. They may commit resources to developing the emerging opportunities. However, technical people are often rational, so they are less likely to have cognitive biases. Therefore, the chance of venture creation is slight, though not impossible.

If opportunities can be defined clearly, it is relatively easy to make future predictions. Reduced uncertainty means reduced risk, which would have positive impact on venture creation by conservative professionals. This is particularly true when the environment is favorable. Available resources and profit potentials would encourage them to take reasonable risk which is mainly associated with competition. If the environment is unfavorable, however, there would be only a slight chance for them to start their own business. For example, when China was in its early stages of economic transition, its environment was viewed as “hostile” from a political perspective (Tan, 1996). The former centrally controlled economy left numerous unfilled market niches yet to be exploited, but a majority of private businesses were not created by well-educated people (He, 2009).

Proactive Non-Professionals

Proactive non-professionals are characterized by high psychological preparedness and low technical preparedness. Psychological preparedness is emphasized in the Schumpeterian view. When it is combined with low technical preparedness, venture creation can be very likely, likely, slightly likely, and least likely, depending on the environment. Potential entrepreneurs need to deal with uncertainty and possible loss. Though trait approach to entrepreneurship is generally unsuccessful, it may still be argued that if individuals are risk averse, uncomfortable with uncertainty, and content with status quo, they would hardly become entrepreneurs. On the technical side, if individuals do not have relevant knowledge and skills, they are disadvantaged in identifying and developing emerging opportunities.

When opportunities are emerging, it would be hard for proactive non-professionals to spot them if assistance programs are not available. Therefore, venture creation is least likely. Even if these programs are available, opportunity development will not be easy for them from a technical point of view. But they are likely to be overoptimistic (Simon et al., 2000), so there is still a chance, though slight, for them to start a venture. If opportunities are clearly defined, proactive non-professionals would be eager to exploit them even in an unfavorable environment. Inadequate technical preparation may not be a major obstacle. Their proactiveness and tenacity can drive them to find and mobilize needed resources. For example, when China started its economic transition, opportunities were everywhere, but entrepreneurial support was almost non-existent. Many people from lower social classes such as farmers and industrial workers courageously ventured into the private sector in order to get rich (He, 2009). If support is available from the environment, proactive non-professionals are more likely to capture clearly defined opportunities.

DISCUSSION

Why do some people but not others identify opportunities and turn them into ventures? Influencing factors vary, but can be addressed at two levels: the individual and the environment. Individuals are different; the environment also presents different situations. That's why any single factor, whether it is the individual's characteristic or the external opportunity, cannot sufficiently explain the venture creation phenomenon.

In this study, I develop a model integrating both the individual and the environment levels of analysis. The environment provides opportunities that are necessary for venture creation, but it is the individual who makes choices (Shaver & Scott, 1991). When individuals are well prepared both technically and psychologically, they are always potential entrepreneurs. No matter how unpredictable and unsupportive the environment is, they are able to navigate the uncertainties and complexities to detect potential opportunities and act on them perseveringly. When people are only partially prepared, either technically or psychologically, they are still likely to become entrepreneurs, depending on the conditions of the environment. The nature of the opportunity and the availability of support resources can shape their entrepreneurial decisions. If people are not prepared both technically and psychologically, they would be least likely to start their own business.

This study makes two contributions. First, it brings together vast but fragmented literature on entrepreneurial behavior. Different approaches address the venture creation phenomenon in different ways. Though each approach has its merits, it only focuses on certain aspects of the complex phenomenon. For example, opportunity is basic to entrepreneurship, but it may not attract people if other conditions are not met. There is evidence that demand does not necessarily lead to more new ventures (Okamuro, 2008). To better understand entrepreneurship, therefore, we need an integrative approach. This study establishes an integrative model that can complement existing approaches to entrepreneurship.

Second, the integrative model helps resolve conflicting arguments and evidence in entrepreneurship research. For example, trait approach has not generated consistent results. Entrepreneurs may or may not be risk takers (Hull et al., 1980; McClelland, 1961); need for achievement may or may not lead to venture creation (Begler & Boyd, 1987; Koh, 1996); internal locus of control may or may not characterize entrepreneurs (Cromie et al., 1992; Cromie & Johns, 1983); and effective handling of uncertainty can be affected by both trait or non-trait related factors such as skills (Bhide, 2000). This study suggests that psychological traits alone may not explain individuals' decision to start a business. Other factors, including technical preparation, the nature of opportunity, and the availability of support resources, can also play a role. If individuals are technically prepared, are able to clearly define opportunities, and have access to support resources, they may not need risk-taking propensity to create a venture. Other approaches, including demographic, cognitive, and environmental, do not have high explanatory power either. A main reason is that they separate the two levels of analysis: the individual and the environment.

This study presents a conceptual model. Two directions for future research are suggested. First, technical preparedness and psychological preparedness are two broad concepts. They are important because they are related to the Kirznerian and Schumpeterian views of entrepreneurship. Future research

may focus on how to measure them so as to provide more practical implications for potential entrepreneurs. Second, the study integrates the individual and the environment level variables, but does not address a possible impact of the environment on the individual. For example, one reason for unsuccessful trait research is its assumption about stable psychological attributes (Carsrud & Johnson, 1989). It is likely that individuals' psychological states are subject to change as they gain new experience in the environment. Research on this issue may complement the trait approach to entrepreneurship.

CONCLUSION

Venture creation decisions are made by individuals who identify and act on opportunities from the environment. Therefore, venture creation can be better explained by integrating both the individual and the environment. I acknowledge the importance of the environment, but I emphasize the central role played by the individual. Ideally, the individual is both technically and psychologically prepared for being an entrepreneur, a combination of the Kirznerian and Schumpeterian views of entrepreneurship. If the individual is not prepared perfectly, a more common situation in the real world, venture creation is still likely. The environment may facilitate the venture creation process through providing support resources.

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