



# **SKILLED ENGAGEMENT IN THE ENTREPRENEURIAL PROCESS**

## **Social and Human Capital**

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# SKILL AND THE ENTREPRENEURIAL PROCESS

- **Preliminaries**
- Being deliberately controversial!
- What has been happening in Entrepreneurship?
  - a. Focus on theory — insufficient on praxis or policy?
  - b. Focus on behaviour — not enough on doing things well?
  - c. Focus on success — not enough on failure?
  - d. Focus on learning — deriving the lessons?
  - e. Focus on empirical testing — paradigm perspectives?



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## QUESTIONS: -

- What theory?
- What behaviour and how skilled?
- Which UoA?
- Is the framework appropriate for personal development and effective performance?
- Where should we start?



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## **SKILL & the entrepreneurial process**

### **o Issues we are going to discuss:**

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



# SKILL AND THE ENTREPRENEURIAL PROCESS

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



## SKILL AND THE ENTREPRENEURIAL PROCESS

- **Opportunity Recognition Theory IS THE DOMINANT THEORY IN ENTREPRENEURSHIP**
- Skills associated with the ORT are primarily theoretical constructs... Fuelled by Kirzner's work
- **ORT** focuses on cognitive skills/capital e.g. Prior knowledge, judgement, decision-making
- **ORT** does not consider affective, social or interpersonal skills, nor motivation
- The work of Gaglio & Katz (2001), Shane (2003) & others identify skills: information-processing, interpreting & envisioning; counter-factual thinking; analysis of means-end framework



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- **OPPORTUNITY RECOGNITION THEORY**
- Based on the concept of ‘alertness to opportunity’  
— an individual ability? How developed?
- ORT comprises a **linear process** from:  
**O.R. —> O. Development —> O. Exploitation —> Outcomes**
- At initiation, ‘alertness’ is a necessary characteristic
- This attribute differentiates between entrepreneurs and non-entrepreneurs



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- **Criticism of ORT is accumulating:**
  - Lavoie (1991) alertness not simply seeing an opportunity; it requires interpretation;
  - Fletcher (2006): ORT assumes special skills; correct balance between structure & agency?
  - Steyaert (2007): methodological individualism divorced from a 'culturally embedded context'
  - Parkinson & Howorth (2008): social entrepreneurs driven by obligation not opportunity; Haugh (2007) 'a felt need';
  - Chalkley (2011) critiques the language as having little/no resonance with practitioners.





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## Critique of ORT

- Subjective/objective dichotomy
- Possible separation of O from the context?
- Meaningfulness to practitioners?
- Contested nature of the underlying assumptions paradigmatically & coherence of the theory (Dimov, 2011)
- Alternative starting points to the process identified e.g. 'Felt need'; 'Social/market need'; 'social/market value proposition'.



SKILL AND THE ENTREPRENEURIAL PROCESS: PAWS



# SKILL AND THE ENTREPRENEURIAL PROCESS

## ALTERNATIVE TO ORT

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



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## IMPORTANCE OF CONTEXT

- The exercise of skill is behaviour in context carried out proficiently
- But how do we theorise the socio-economic environment? E.g. Giddens' structuration theory where structure comprises rules & norms & the exercise of power
- Understanding the multi-layered environment which varies from the interpersonal micro-environment, thro' influences such as local/regional competition to macro-governmental, economic, fiscal & regulatory influences
- Entrepreneurial skill thus involves sound interpretation of environmental clues, adaptability, vision, playing the system, making the right decisions



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## IMPORTANCE OF CONTEXT

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



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## HUMAN, SOCIAL & INTELLECTUAL CAPITAL

- Experience, personal & employment history, education, parental background etc have been used as broad indicators of human & social capital inputs
- **Outputs** of these investments include different skills e.g.
- **Individual skills** include e.g. Creativity, envisioning, self-efficacy, confidence, resourcefulness, risk-taking...
- **Social skills** include e.g. Leadership, interpersonal communication, persuasiveness, trust, networking
- **Intellective skills** include e.g. Counterfactual thinking, decision-making, judgement, business acumen, planning, diagnostic/problem-solving skill, strategic thinking
- **Such skills should be task-related & linked to success**



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## NOT FORGETTING MOTIVATION

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



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## PARADIGMS – a little reminder

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





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## IMPLICATIONS

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



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## IMPLICATIONS FOR POLICY & PRACTICE

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



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## FURTHER RESEARCH

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



# SKILL AND THE ENTREPRENEURIAL PROCESS: **TEATIME**



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## ANY QUESTIONS?

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