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SWP 56/89 ACADEMIC ENTREPRENEURS?

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ACADEMIC ENTREPRENEURS?

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Entrepreneurial education has exploded over the past ten years in both the United States and the United Kingdom. In the USA there are now more than 50 institutions seeking academics to fill endowed posts; in the UK, there are more than 200 courses in small business in institutions of Higher and Further Education.

The reasons for the growth has been essentially the same in both countries - in time of economic decline, with large firms shedding labour, new firms and small firms have been seen as a significant strand in future strategies. As a result, academic institutions have been forced to respond to a demand from both students and potential entrepreneurs, a demand fanned by a growing band of "academic entrepreneurs".....but are they?

It is always more amusing to base an argument upon myth, legend and prejudice than upon proven fact. Unfortunately, it is not always acceptable! This paper has its genesis in a "discussion" between Birley and McMullen regarding the entrepreneurial inclinations of colleagues, on the state and status of the fields of entrepreneurship and small business, and on the differences between the United Kingdom and the United States.

Having agreed that we observed clear differences between the two countries, we decided to test our tentative hypotheses by conducting a survey. The survey was designed to investigate the backgrounds, entrepreneurial activities, and academic experience of practising academics.

The design of the questionnaire was prolonged, not only by postal delays, but also by the problems which we encountered in agreeing upon language which would provide valid comparable results. The experience was salutary, and provided an important illustration of the dangers of interpreting research based in another country, even though that country may, in theory, speak the same language.

The final questionnaire was sent to all those academics attending the Babson Entrepreneurship Research Conference, and the UK Small Business Policy and Research Conference in 1987.

Since many of the participants attending the 1989 Small Firms Conference in London will have participated in the study and so have a particular interest in all the data, this paper simply reports the comparative results. It is based upon 70 responses from the UK and 58 from the USA. Where statistical analysis has identified no significant difference between the groups, the aggregate results are presented.

RESULTS

1. Personal Details

Age: Significantly, though inexplicably, academics in the United States [Mean = 49 years] were older than their British counterparts [Mean = 43 years]!

Sex: In both countries, 85% of academics were male.

Family Business Background: 40% described themselves as coming from a family business background, and in the majority of cases, this was derived directly from parents rather than grandparents or more distant relatives.

2. Entrepreneurial Experience

This section of the questionnaire was designed to ascertain the extent to which academics involved in teaching and research in the fields of small business and entrepreneurship had direct experience of entrepreneurial ventures. In other words, did they actually practice what they preached? For the majority, the answer would appear to be "yes". 72% claimed to have played a significant role in the development of an entrepreneurial venture, other than as an unpaid advisor or teacher to others who had started a venture. Moreover, when asked if they considered themselves to be entrepreneurs, 63% replied "yes". Indeed, as the responses to the following questions indicate, this activity would appear to be continuous.

* "How much time do you spend on your current entrepreneurial ventures?"

Mean = 1 day per week, N = 88.

* "How many new ventures [i.e. pre-start-ups] have you reviewed with some intent of possible participation within the last year?"

Mean = 3.1, N = 91

* "In how many pre start-up ventures have you invested more than 40 hours or the equivalent of £2000 within the past five years?"

Mean = 3.8, N = 91

* "In how many small, new, private ventures [i.e. post start-up] have you invested more than 40 hours or the equivalent of £2000 within the past five years?"

Mean = 3.4, N = 89

* "Have you taken any of the following roles in new entrepreneurial ventures?" See Table 1 below.

Table 1: Role in Entrepreneurial Ventures

[Percentage Responses]	UK	USA
Lead Entrepreneur	40	45
Member of Core Team	44	55
Investor	31	50
Director	40	57
Personal Guarantor	1	0

The above results must be interpreted with caution since the respondents were allowed multiple replies. Nevertheless, there is evidence to suggest more involvement in the United States than in the United Kingdom, although it would appear that academics are not prepared to take the ultimate step of personally guaranteeing the company debts!

Investee Firms: In order to form a view of the profile of the firms in which the academics were involved, they were asked to classify them by level of success, growth rates, technology base, and industry. See Table 2.

Table 2: Firm Characteristics

[Mean Number]	UK	USA
Failure	1.1	2.3*
Low Success	1.4	2.4*
Intermediate Success	2.5	0.7*
High Success	1.3	2.8*
Pre-launch Abortions	1.0	0.2*
Post-launch Abortions	0.5	1.8*
Low Growth	1.6	1.6
High Growth	1.5	2.2
High Tech	0.7	3.7*
Low Tech	2.4	3.8
Innovative Strategy	0.3	0.3
Retailing	1.8	2.6*
Manufacturing	1.6	7.6*
Consulting	1.0	1.9
Other Service	1.6	2.5
Other	0.4	1.7

* Significant difference at 5% SL

The results table 2 show a higher overall involvement in entrepreneurial ventures by American academics than by their British colleagues. The levels of success suggest a higher risk profile, perhaps because the Americans report participation with more high technology firms and significantly more manufacturing firms.

The Americans also appeared to be involved in much larger firms as reflected in their answers to the question "Please describe the largest start-up with which you have been involved". See Table 3.

Table 3: Characteristics of the Largest Start-up

	UK	USA
Number of Employees:		
Mean	26	34
Median	10	15
Years of involvement	5.0	4.6
Currently involved? [Percentage]	33	54

Unfortunately, there is no evidence of significant riches resulting from this apparent high level of entrepreneurial involvement. Few in either country report that they have realised their investment through the exit route of a full listing, or a listing on either the Over-the-Counter Market or the Unlisted Securities Market.

3. Employment Experience

Since one of the factors which are considered to be important in the development of the entrepreneur is his "incubator experience", respondents were asked to describe their employment immediately prior to joining the field as a full-time academic. There were no significant differences in the responses, the majority of faculty being drawn from the academic world. Thus -

- * Full time member of academic faculty = 50.8%
- * Full time student = 12.7%
- * Employed in industry = 16.7%
- * Employed in the Public Sector = 4.8%
- * Self-employed = 15.1%

4. Current Academic Activities

The aim of this section was to ascertain the extent to which faculty were involved in both teaching and research within their institutions. It here that the clearest differences between current practice in the two countries emerge.

In order to place their replies within an organisational setting, academics were first asked to describe the institution in which they were currently employed. See Table 4.

Table 4: Respondent's Academic Institution

[Mean Values]	UK	USA
Total Number of Faculty	344	1048
Business School Faculty	65	93
Percentage in Business School	75%	88%
Faculty Teaching and Researching Entrepreneurship	5.4	2.8

Most of the above is as expected. Thus, the Americans are in larger institutions, with larger Business Schools; and the majority of faculty working in the field in both countries are located within the Business School. However, it is curious is that, despite these relative sizes, there are more academics in the field per institution in the UK than in the USA.

Academic Time: The mean number of years which the academics reported as having spent teaching and researching entrepreneurship full-time was 7.7. However, the responses ranged from 0 years to 27 years showing that there are, clearly, a number of "veterans" around, but also an encouraging number of new entrants.

Table 5 below shows the way in which respondents had divided their ACADEMIC time during the previous year.

Table 5: Academic Time

[Mean Percentages]	UK	USA
Teaching entrepreneurship/small business to students	11.0	21.9*
Teaching entrepreneurs/small firms businessmen	15.3	4.5*
Other teaching	20.5	19.8
Entrepreneurship/small business research	16.1	25.6*
Other research	10.7	7.1
Entrepreneurship/small business administration	11.7	11.2
Other	11.7	10.3

* Significant differences at 5% SL using t-test

Thus it would appear that Americans spend more time both in teaching students and in research, whilst the British are more involved in teaching the entrepreneur or small businessman himself. This greater level of "outreach" activity possibly explains the fact that they report having created more than twice as many new programmes within their institution [Mean = 7.9] compared with their American colleagues [Mean = 3.4].

Research: With regard to research, academics were asked if they had published in the field. As expected more Americans [88%] responded "yes" to this question than did the British [60%]; Chi-squared = 12.1, df = 1, SL = 0.0005. Significant differences also emerged when the nature of the publications was analysed. See Table 6.

Table 6: Publication Record

[Mean Values]	UK	USA
Number of articles:		
- Total	8.4	14.2*
- Empirical	4.6	7.1*
- Conceptual	1.7	3.1*
- Refereed	3.3	6.3*
- Practitioner	2.0	1.9
Number of Books:		
- Total	1.0	1.0
- Research Books	0.5	1.0*
- Text Books	0.1	1.4*
- Practitioner	0.5	0.5

Significant differences at the 5% SL

Clearly publication of refereed articles, whether they be empirical or conceptual, is more prevalent in the United States than in the United Kingdom.

Teaching: Respondents were also asked to indicate their preferences for teaching methodologies. Preferences were scored on a scale 1 to 7, with a score of 1 indicating no preference, and a score of 7 indicating a high preference. See Table 7.

Table 7: Teaching Preferences

[Mean Scores]	UK	USA
Lectures	2.9	3.9*
Case studies	4.1	4.0
Projects on other ventures	3.9	4.7*
Projects on own ventures	4.6	4.4
Exercises	3.7	3.3
Presentations by entrepreneurs	4.3	4.1

Overall, the more "real" methods of case studies, projects, and presentations by entrepreneurs are preferred above the more "artificial" methods of lectures and exercises. However, the differences in the types of teaching between the two countries [more "students" in the USA] is highlighted by the greater American preference for lectures, and projects on other ventures.

5. Opportunities

Entrepreneurship and Small Business are still relatively new fields. Therefore, respondents were asked their opinion as to future opportunities in two areas. In each case, responses were scored 1 [Very Poor] to 7 [Excellent]

* "Relative to other academic fields with which you are familiar, what are the advantages of a career in entrepreneurship education?" See Table 8.

Table 8: Career Advantages

[Mean Scores]	UK	USA
Consulting	3.7	4.0
Publishing	3.9	4.0*
Venturing	3.5	4.8*
Contribution to Society	4.3	5.2*
Academic Career		
Progression	3.0	3.0
Teaching Entrepren ^D .		
Students	4.2	4.9*

These responses are relatively neutral. Apparently, these academics do not seem to see any particular advantages of a career in entrepreneurship, although the Americans are more enthusiastic than the British with regard to opportunities for venturing, for teaching entrepreneurship students, and, more globally, making a contribution to Society.

* "How important are the following to being successful as an educator in the field of entrepreneurship/small business?" See Table 9.

Table 9: Factors for being a Successful Educator

[Mean Values]	UK	USA
Entrepreneurial/small business experience	4.7	4.6
Entrepreneurial attitude to problems	5.1	5.2
Research in the field	3.5	4.5*
Experience teaching entrepreneurs	4.1	3.9
Experience advising entrepreneurs	4.5	4.4*
Prior teaching experience	3.0	3.9*
Working with advisors and investors	3.7	3.4*
Working with other academics	3.9	3.7

It would seem that colleagues are agreed that success in the field is most likely to be based upon entrepreneurial experience and attitudes. However, the Americans also value highly research and prior teaching experience, whilst the Brits are more concerned to work with advisors and investors.

* The final "coup de grace" - would the respondents recommend a career in entrepreneurship education to promising graduate students? There was agreement. 70% would, but 30% would not!

CONCLUSION

The results are much as expected. They reflect the different institutional structures in the two countries. In the United States, the tenure and reward systems appear to dictate that the academic focus is very much internal, upon teaching students and upon research. In the United Kingdom, the field was born in "outreach" programmes, in more direct involvement with the community, and with the practising entrepreneur. Consequently, practical experience and contacts with the advisory network are valued more than academic research. In both countries, however, a

significant number of academics are practising what they preach. They are involved in entrepreneurial ventures outside their institution as investors, members of the entrepreneurial team, and as company directors, although not yet as personal guarantors!