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Entrepreneurship: The Brain behind Successful Start-Ups

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ABSTRACT
Entrepreneurs have been the most fascinating people on this planet, as most of the successful businesses are owned and championed by them. These are people who are leading the crusade on globalization where every person could be reached easily, using business as a tool. Most multi-national companies (MNCs) owned by entrepreneurs have opened branches in countries where natural resources as inputs for making targeted products/services are available. With the help of technology, entrepreneurs are succeeding in globalizing the world, and the emerging markets are equally being reached. However, there are many risks associated with starting a new business, popularly known as start-up, in addition to the problems of getting the initial capital and the uncertainty about the sustainability of the start-up. Entrepreneurs, therefore, go through numerous problems in order to see their dreams achieved.

Key Words: Entrepreneurship, Uncertainty, Start-ups and Risks.

INTRODUCTION

According to Santoro (2012), start-ups are newly setup businesses or organizations, and which the work of an entrepreneur is always associated with. Start-ups are mostly ventured into by entrepreneurs, and entrepreneurship therefore, becomes one of the important theoretical frameworks to be considered when one thinks of what is entailed in start-ups. Entrepreneurship is the act of being an entrepreneur, one who undertakes innovations by organizing, managing, and assuming the risks of a business or enterprise in response to a perceived opportunity (Mises, 1949 cited in Klein, 1999). Obviously, in undertaking innovations, the entrepreneur is also likely to be associated with starting new businesses, commonly referred to as start-ups.

What is Entrepreneurship?

Santoro (2012) and Sobel (2008) explained entrepreneurship as the process of discovering new ways of combining resources to undertake innovations, especially with business acumen in an effort to transform the innovations into economic ventures. According to Hornby (2001), entrepreneurship is the act of making money by starting and running businesses, and especially taking financial risks with the hope of successfully operating the businesses.

Uncertainty about Entrepreneurship

It should be noted that Mises (1949) cited in Klein (1999) stressed on entrepreneurship as the act of bearing uncertainty. In this fast changing and technological world, decisions must be made based on expectations of future uncertain events. Entrepreneurs, as good innovators, venture into businesses, and normally with the main goal of providing products and or services to consumers. Entrepreneurs certainly have the hope that organizations will be able to recoup the cost of production of the products / services and in addition, make profits which have to exceed the cost of capital, commonly known as Economic Value Added, EVA (Niven, 2002; Shinder & McDowell, 1999). White (2004) added that entrepreneurs normally disregard any associated risks which might accompany the venture, making entrepreneurs less risk-averse.

This is because, strategically, they have a mission to accomplish their tasks within a specific time-frame.

Types of Entrepreneurs

According to Sobel (2008), there are two types of entrepreneurs, lifestyle and gazelle entrepreneurs. Lifestyle entrepreneurs open their own businesses primarily for the monetary benefits linked with being their own bosses and setting their own agenda/schedules whereas gazelle entrepreneurs often move from one start-up business to another, and with a well-defined growth and exit strategy. Sobel (2008), therefore, liken a small-town housewife who opens her day-care school business as a lifestyle entrepreneur and Bill Gates of Microsoft, as an example of gazelle entrepreneur.

REVIEW OF RESEARCH ON ENTREPRENEURSHIP: GLOBAL

Leskovar-Špacapan and Bastič (2018) examined entrepreneurship in organizational behavior, and mentioned that entrepreneurship involves risk taking, pro-activity and innovation. They, therefore, advised that every successful organisation should encourage entrepreneurial managerial behaviour and then develop an organisational culture and structure to support the behaviour. In addition, the development of the culture and structure should be coupled with the capabilities of the human resource so as to distinguish the organization from others, to enable innovation, initiation of change and rapidly being flexible to react to change (Kerzner, 2009). The organization will only survive based on its innovativeness, viability, growth, prosperity and risk-taking and to strategically make decisions (Ismail, et al., 2012). Furthermore, this is where domestic and global competition, technological changes, constantly changing customer needs, shorter product life cycles (Dessler, 2004) and rising cost put the organization under constant pressure to meet time, budget and performance, and quality requirements as new products and services are developed (PMI, 2018).

In addition, Ismail et al. (2012) mentioned that the organisation's sustainability should be based on consistent and successful New Product Development (NPD) projects, and moreover as Barclay et al. (2000) cited in Ismail et al. (2012) recounted the organisation's ability to produce a steady successful new products consistently is key to corporate success. Entrepreneurship, therefore, need to do more to enhance corporate behaviour and subsequently, culture to efficiently manage NPD projects successfully to enable them churn out good and quality products. Though Ismail et al. (2012) enumerated how organizations could achieve sustenance in NPD projects, however, the bigger problem faced by entrepreneurs - higher failure-rate of start-ups within the first few years of incorporation - has always been a missing gap of knowledge. So far, guidelines on how to overcome this particular nagging problem of entrepreneurship is yet to be dealt with by researchers making most entrepreneurs suffering in silence. However, Kwadade-Cudjoe (2015) elaborated in his book, "Sustaining Corporate Growth: Exploring the role of MIS in monitoring Companies' Performance" how management information systems could be used to overcome the initial uncertainties associated with start-ups.

Though there have been conceptual arguments on the association between national culture and entrepreneurship for a long time, it is only in the last decade has this relationship been the focus of empirical scrutiny as posited by Hayton, George and Zahra (2002). Observations of economists for example, Schumpeter (1934), sociologists, Weber (1930), and psychologists, McClelland (1961) cited in Hayton et al. (2002), that countries differ in levels of entrepreneurial activity have generated the understanding that the influence of national culture on entrepreneurship is of considerable theoretical and practical importance for managing projects successfully.

According to Contiu (2018), research on corporate entrepreneurship has identified that there are cultural obstacles to successful entrepreneurship and that entrepreneurship requires a culture to be built around for example, risk, innovation, emotional commitment, and empowerment; furthermore, "individualism and collectivism" (p. 516) are dimensions of culture at both the societal and organizational levels. However, studies have been skewed to individualism as it has been linked to the willingness of people to violate norms and their level of achievement motivation both of which are associated with entrepreneurship. Moreover, Contiu (2018) mentioned that this is distinct from collectivism, as entrepreneurship declines as collectivism is emphasized. Nevertheless, for successful entrepreneurship, both individualism and collectivism sentiments within an organization should be managed well for projects' success as postulated by Contiu (2018) and Hofstede (2018).

It was good that the two authors, Hayton, et al. (2002) and Contiu (2018) brought out the problems associated with entrepreneurship at the national and, individualism and collectivism cultures; however, none of them mentioned the importance of sustaining start-ups, which is a bigger problem confronting entrepreneurs. Entrepreneurs cannot afford to make huge initial capital investments (Rich & Gumpert, 1985) into their businesses and lose out as these create debts for them, demoralizes and kills their entrepreneurial spirit. Kwadade-Cudjoe (2015) recommended the use of management information system as one of the approaches to contain this problem. Katzenbach and Smith (2001) considered the effect an entrepreneurial orientation could have on a team's structure, skills, and ability to manage a project, and advised on the advantages and disadvantages of entrepreneurial orientation on a team's ability to managing projects within an organization so as to bring out the differences between the merits and demerits of the effects. Some of the advantages (merits) however, are:

i. entrepreneurial-oriented-team organizations are market-driven which makes them robust and hungry for success, and therefore, have an edge over others in churning out products / services;
ii. there is a positive work environment with strong leadership from management;
iii. there exists a culture that encourages team-employees to exert maximum effort to make them feel comfortable in dealing with unfamiliar situations;
iv. team-employees express their opinions freely, even when in disagreement with supervisors or managers;
v. management set clear goals, and delegate to employees ways of achieving these goals;
vi. management encourages employees to participate in decision-making and innovation, and also work on new ideas; and
vii. top management strategically entertains a long-term orientation when planning for continuity and sustainability (Belassi, Kondra & Tukel, 2007).

However, the disadvantages (demerits) of the effect an entrepreneurial orientation could have on a team's ability to manage a project include:

i. greater competition within both domestic and external (global) environments;
ii. there is the need to produce shorter life-cycle products so as to be competitive;
iii. rising costs place entrepreneurial oriented organizations under constant pressure to meet time, budget and performance requirements; and
iv. failure rate for new products / projects is still alarmingly high (Kerzner, 2009; PMI, 2018).

REVIEW OF RESEARCH ON ENTREPRENEURSHIP - AFRICA AND GHANA

Wolf (2004) cited in Robson and Obeng (2007) analyzed 100 dataset of enterprises in the formal commercial agricultural and manufacturing sectors in Ghana after investigating, for example, exporters and the main obstacles confronting entrepreneurs. It was found out that interest rates, access to credit, depreciation and inflation were the four most disturbing obstacles facing entrepreneurs. Tagoe, et al. (2005) cited in Robson and Obeng (2007) also investigated the impact of financial sector liberalization policies on SMEs in Ghana, and found that the main challenge has been entrepreneurs accessing affordable credit. This has amply been confirmed by Agyeman (2012) in an article admonishing the Ghana government to set up entrepreneurship fund about $1 billion purposely to cater for the numerous young unemployed graduates from the nation's tertiary institutions. According to Agyeman (2012), this would encourage those with fertile dreams to translate their dreams into viable business ventures to enable them create employment avenues and reduce the high unemployment rate in the country. As reported by African Economic Outlook (2018), the youth (age group of 15-24) unemployment rate in Ghana was 25.6 percent and this figure was twice that of the age group of 25-44 and three times that of 45-64 as of 2012. This simple analysis makes unemployment figure in Ghana approximately 48 percent. Furthermore, Asare (2012) issued a word of caution for SMEs and hinted that business activities of SMEs in Ghana are not attractive to invite funding from the country's banks, as the banks are suspicious of their activities and would not risk funding them. Asare (2012), therefore, has strongly advised SMEs in Ghana to streamline their operations to enable them attract funding.

In another vein, Mustapha (2012) appropriately informed that a Ghanaian savings and loans company, Midland Savings, has reiterated its commitment to provide funds to SMEs so as to help grow the Ghanaian economy, and the government of Ghana has also announced to use part of the oil revenue to grow the SMEs (Sam, 2012). These are good signs for the future of entrepreneurship in Ghana, and it is hoped that SMEs would respond adequately to the confidence reposed in them to help grow the Ghanaian economy. As a matter of fact, SMEs and private organizations in Ghana have a big role to play in moving the Ghanaian economy to the next higher level of middle-income status. In boosting entrepreneurship in Ghana, the nation has joined the membership of the Global Entrepreneurship Monitor (GEM) project, which is concerned with the annual assessment of the entrepreneurial activity, aspirations and attitudes of individuals in a number of countries (Global Entrepreneurship Monitor, 2018). GEM explores the role of entrepreneurship in national economic growth, which includes, among others, unveiling detailed national features and characteristics associated with entrepreneurial activity.

A central-team of experts harmonizes the data collected annually by guaranteeing its quality and facilitation across-national comparisons. The programme's main objectives are to:

i. measure the differences in the level of entrepreneurial activity between countries;
ii. uncover factors leading to appropriate levels of entrepreneurship, and
iii. suggest policies that may enhance the national level of entrepreneurial activity.

GEM is uniquely different as unlike other entrepreneurship; it is concerned with data sets that measure newer and smaller firms, studies at the grassroots level, and the behaviour of individuals with respect to starting and managing a business (Global Entrepreneurship Monitor, 2018). Studies by Mambula (2002) cited in Robson and Obeng (2007) also interviewed 32 SMEs entrepreneurs in Nigeria and found out that, for example, financing, poor infrastructure, difficulty in getting raw materials, machines and spare parts are the problems facing entrepreneurs. Difficulty in accessing financial credit by entrepreneurs runs through many of the researches carried out on countries in Africa and specifically, Ghana. Though this assertion is laudable, however, there is a missing gap of knowledge on higher failure-rate of start-ups in Africa, and precisely Ghana, and what to do to avert it, in the literature of the researchers.

CONCLUSION

According to Chipika and Wilson (2004) cited in Robson, et al. (2009), who investigated entrepreneurship and innovation in Ghana, there are potential benefits from entrepreneurship/innovation for the developing countries and countries in sub-Saharan Africa because the development of small and medium-sized enterprises (SMEs) can alleviate poverty, generate employment and promote national economic development. It is true that entrepreneurship can generate employment through the establishment of new businesses (start-ups); however, one of the most nagging problems of entrepreneurs has always been how to sustain these start-ups, whether SMEs, large corporations or MNCs. As revealed by White (2004), the attrition rate of start-ups globally is notoriously high, as in the USA which happens to be the stronghold of entrepreneurship, about "50,000 new enterprises fail each year" (p. 66) with even large enterprises seldom lasting one / two generations as business success becomes ephemeral if not meticulously nurtured.

It is a fact that entrepreneurs globally, especially those venturing anew into start-ups find it difficult in getting financial assistance in the form of loans to commence their businesses, and Africa, specifically Ghana, is no exception. Moreover, entrepreneurs really go through hard times while looking for financial assistance to fulfil their innovated ideas. As recounted by Sahlman (1997), investors prefer to deal with well-known team of entrepreneurs and therefore, do not want to get involved with start-ups managed by unfamiliar people as they are unpredictable. This is sad and might be due to the uncertainty and risks associated with start-ups. However, Chipika and Wilson (2004) cited in Robson et al., (2009) did not mention this at all, and rather created the impression that SMEs could always be funded whenever ready in Africa. It was rather Robson and Obeng (2007) who investigating the barriers to growth in Ghana did mention briefly the problem of finance as one of the obstacles impeding growth of businesses in Africa, including Ghana.

Nevertheless, the problem of higher-failure rate of start-ups was not addressed at all in any of these peer-review journals mentioned above. It is, however, strange that Robson and Obeng (2007) though had the objective of understanding the nature of entrepreneurship in Ghana and identifying the problems which confronted the entrepreneurs at that time, did not identify the high failure-rate of start-ups as one of the problems facing entrepreneurs. It is no secret that Ghana has the potential of becoming a higher middle-income nation as postulated by Otabil (2013), and even going further to become a developed nation, but the problem has been how to sustain the many enterprises setup by Ghanaians for them to mature into large organisations to drive the economy of the nation to that status.

Robson, et al. (2009) mentioned record keeping as a serious problem within the Ghanaian business environment but this cuts across most businesses globally. However, growth of businesses may not necessarily be measured by the number of employees as postulated by Robson, et al. (2009). An organization can have just adequate but small number of employees working in the establishment, and may still be a large organization due to its sophistication in the use of technology. The growth of an organization could well be measured based on the functions and activities carried out or rendered by the organization to the society/community, and therefore, not by the number of its employees. Robson, et al. (2009) mentioned that it is not easy to get access to the financial data of organizations in developing countries because business and family life typically overlap, and therefore, gaining access to such data belonging to companies is a sensitive issue. Bowditch (1999) cited in Robson, et al. (2009) hinted that in Ghana the problem is exacerbated, because there is a lack of formal record keeping of business data, and that most businesses are family-managed and they are only passed on to the next generation.

Nevertheless, all start-ups, both SMEs and large organizations have to search for a favourable competitive position within the industry they operate in, and with the aim of establishing a profitable and sustainable position against the environmental forces that determine industry competition (De Wit & Meyer, 2004). Start-ups as new entrants into the business environment would surely face stiff competition from competitors, and the competition generally would be from the bargaining strength of suppliers and buyers (consumers), barriers to entry of industry, threat of substitutes and intensity/degree of competition, Porter's Five Forces Market Model (Porter, 1996; White, 2004). However, this competition determines the appropriate strategies the organization must adopt, which could be determined from the activities it must engage in, based on the resources at the disposal of the organization. Through this, the organization would be able to contribute meaningfully to the industry of operation, as the effective application of strategies of the organization, would determine its success within global business environment (White, 2004).

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