

# Thoughts and Theories of Entrepreneurial Emergence: A Critical Review of the Pioneer Perspectives and Their Relevance in Nigerian Society of Today

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## Abstract

The paper presents a critical review of the pioneer thoughts and theories of Entrepreneurial Emergence and their validity for today's entrepreneur. Three major strands of the pioneer theories were examined. These include the Sociological factors' theory by Max Weber; Psychological factors' theory by David McClelland; and Economic factors' theory by Joseph Schumpeter. A critique of the theories showed their strengths and weaknesses and hence the extent of their validity both in the old society and in contemporary society. The Nigerian society and entrepreneur were used as references for the arguments in the paper. From the facts observed about today's entrepreneurial motivation vis-à-vis the postulations of the vanguards of the pioneer theories, it is evident that these theories are to a very large extent valid and relevant in today's entrepreneurial motivation. However, the analysis of entrepreneurial emergence in today's Nigeria was seen as a function of not one set of factors but a combination of the sets of factors provided in all the three theories reviewed. Essentially the paper concludes that the contemporary theories of entrepreneurial emergence are off-shoots and more or less sub-themes of these three traditional theories. It therefore recommends that rather than create a jungle of theories of entrepreneurial emergence, attempt should be made to prune and harmonize these theories into a few ones that will embrace all the relevant factors.

**Keywords:** Critical review, Pioneer thoughts and theories, Contemporary theories, Entrepreneurial emergence, Nigerian society,

## 1. Introduction

Entrepreneurship as a subject for research and analysis was introduced by the economists of the eighteenth century, however, in the present century, the word has become synonymous or closely linked with free enterprise and capitalism. Whatever the specific activity they engage in, entrepreneurs today are considered the heroes of free enterprise. Many of them have used innovation and creativity to build multimillion dollar enterprises from fledgling businesses. These individuals have assumed the risks associated with these ventures. Many people now regard entrepreneurship as "pioneership" on the frontier of business (Kuratko and Hodgetts, 1998).

Since the concept of entrepreneurship was first developed and the original theories were developed to explain the subject, many more theories have emerged with an attempt to broaden the horizon of the subject of entrepreneurship and to explain from different perspectives all of the activities involved as well as the personality traits and characteristics of entrepreneurs. In the study of contemporary entrepreneurship, one concept recurs: Entrepreneurship is interdisciplinary. As such it contains various approaches that can increase one's understanding of the field (Gartner, 1990 cited by Kuratko and Hodgetts, 1998). Although no single, all embracing definition of entrepreneurship exists and no one profile represents today's entrepreneur, research has provided an increasingly sharper focus on the subject. This is evident from the plethora of theories which have emerged on the subject. The diversity in theories reflects not only the multidisciplinary nature of entrepreneurship but also an emergence of an understanding of the entrepreneurship subject. Essentially, in almost all the definitions of entrepreneurship, there is agreement that entrepreneurship is about a kind of behavior that includes (1) initiative taking, (2) the organizing and reorganizing of social and economic mechanisms to use resources in profitable ventures, (3) the acceptance of risk or failure. ( Shapero, 1975 cited by Hisrich and Peters, 2002).

One aspect of the theory of entrepreneurship which has generated a lot of interest, and to which this paper is devoted, is that of entrepreneurial emergence. The question which many have asked is, what factors are responsible for individuals becoming entrepreneurs? What motivate individuals to engage in entrepreneurship? Do the factors of yesteryears still hold for entrepreneurs of today's society? In other words, how relevant are the theories of old to modern society? To provide answers to these questions of entrepreneurial emergence, a number of theories have been propounded, with each emphasizing certain factor or group of factors as determinants of entrepreneurial emergence. In the quest for the relevant factors of entrepreneurial emergence in modern society, the theory of entrepreneurship has witnessed a great deal of fragmentation, in the very recent years, resulting in what can be described as a jungle of theories. In the circumstance, some thinkers have been tempted to conclude that the new theories have come to replace the traditional theories.

The purpose of this paper is to critique the contending views and critically assess the validity and relevance of the traditional theories to entrepreneurial emergence in today's world. We focus on the three most orthodox theories of entrepreneurial emergence: The sociological (social value) theory by Max Weber (1930); the psychological (Need-for-Achievement) theory by David McClelland (1961); and the economic development theory by Joseph Schumpeter (1934). These three theories are regarded as the pioneer theories of entrepreneurial emergence. Our focus on them is hinged on the fact that each represents a major force in the dynamics of motivation of people in taking certain actions.

## **2. Relevance of the Paper and Contribution to Knowledge**

The paper presents a critique and validity assessment of the orthodox theories in relation to modern entrepreneurship, with a focus on entrepreneurial emergence. This approach attempts to bridge the old and new entrepreneurial perspectives by explaining the inter-temporal nature of entrepreneurial determinants and motivation. It offers to knowledge, valuable contributions from both theoretical and practical points of view about the universality of entrepreneurial nature. Theoretically, it contributes to the general understanding of the strengths and weaknesses of the pioneer/orthodox theories of entrepreneurial emergence and reveals the extent to which these theories are valid explanations of entrepreneurial emergence, inter-temporarily.

From the practical standpoint, it answers the question of how much the variables identified in the orthodox theories as determinants of entrepreneurial emergence are reflected in the emergence of entrepreneurs in today's world. It reveals how individuals can be motivated by their sociological, psychological and economic factors, to become entrepreneurs. Thus practically, the paper draws a link of commonality between the emergence characteristics of entrepreneurs of old and modern day entrepreneurs.

A major contribution of the paper, particularly to entrepreneurship theory development, is that, it affirms that entrepreneurial emergence is a function of a combination of both sociological, psychological and economic factors and conditions of individuals. Evidently, the multidimensional approach presents a dynamic interactive process model. This novel perspective is quite relevant and of great value to the theory of entrepreneurship in modern economy because it moves entrepreneurship theory from a fragmented and segmented schools of thought to an open system view. In the circumstance, the society and relevant stakeholders are better able to appreciate their roles in enhancing entrepreneurial emergence in societies

### **3. Concept of Entrepreneurship Theory**

A theory of entrepreneurship is a theory which explains the motivation, behaviour and development of entrepreneurs. In entrepreneurship thought and theory, the personalities, skills and attitudes of entrepreneurs as well as the conditions that foster their emergence and development are the issues of concern for scholars from differing backgrounds. From their different perspectives various scholars try to explain the entrepreneurial phenomenon, emphasizing certain characteristics as the key elements or factors which determine the development of entrepreneurial spirit or the behavioural characteristics that an individual must possess and exhibit for him to be classified as an entrepreneur. These different views or perspectives have generated into different schools of thought and theories of entrepreneurship. Some of these theories include those that associate entrepreneurship with an economic function, those that associate it with an individual personality, and those that perceive entrepreneurship in behavioral dimension, as well as those with the view that entrepreneurship is a social phenomenon associated with value system and induced by cultural forces. In broad terms, entrepreneurship thoughts and theories derive from three main strands of factors, viz, psychological factors, economic factors and sociological factors.

Particularly the diversity reflects an understanding of the fact that entrepreneurship is a socio-economic phenomenon, with very complex nature. Its complex nature essentially derives from the nature of its actors, as human beings. As social beings no one theory can explain all of the behaviours and actions of human beings and what motivates them as entrepreneurs. Hence over time the theory of entrepreneurship has witnessed a lot of fragmentation to reflect new perspectives of entrepreneurship theory. Although, there is no clear history of the evolution of entrepreneurship theory, its development has however, been attributed to a number of factors (Hornaday,1982). These include:

First, the need to find practical solutions to problem of widespread economic poverty among individuals, that is, the search for the means for poverty alleviation among people, and the need to make people self reliant economically.

Second, failure of management theories and economic principles to yield the expected increase productivity in industry, necessitated a new orientation known as the entrepreneurial perspective in industry.

Third, the development of entrepreneurship theory is a response to the ever changing needs of society which as economic theory suggests are insatiable both in volume and sophistication (characteristics). In other words entrepreneurship theory is partly due to the need to meet the rising sophistication of human consumption.

Fourth, the development and evolution of entrepreneurship theory is attributable to the development of the various fields with which entrepreneurship associates and derives its features, that is, its component fields such as economics, sociology, psychology and anthropology, each of which has continuously attempted to explain human behaviour with new and more sophisticated approach.

Lastly, there has been a growing disenchantment with the pioneering theories as a result of the ever increasing dominance of the empirical social sciences tradition, and the explanation of the pressure inherent in the historical situation which forced the problem of economic development and the development of entrepreneurial resources upon the attention of individuals as the explanatory factor for entrepreneurship. (Ilesanmi 2000).

#### **4. Concept of Entrepreneurial Emergence**

In many people's view, entrepreneurial emergence relates to actual ownership of a business venture by an individual. As Akpor-Robaro (2012) puts it, it is translating ideas and values to functional and working business venture. "An entrepreneur has emerged when an individual becomes an owner-manager of a business enterprise" (Akpor-Robaro, 2012). However, deeper thought on the concept would reveal that this view reflects more appropriately, an organizational emergence than entrepreneurial emergence. Entrepreneurial emergence is a phenomenon in itself, which given other factors, result in or causes organizational emergence. Entrepreneurial emergence is located in the individual i.e. it is associated with an individual. Essentially, it is a state of self realization by an individual of his abilities to own and operate an enterprise. An entrepreneur emerges in the individual when he/she begins to desire business ownership, and to think and believe in himself/herself that he/she can do it (Akpor-Robaro, 2013). Simply, it is the state of an individual realizing his latent capabilities to establish and operate a business of his own. Thus entrepreneurial emergence is the forerunner of organizational emergence. "What 'emerges' in organizational emergence is the structure called the enterprise or venture. But in entrepreneurial emergence what 'emerges' is the desire for entrepreneurship (creativity, innovation and a new order of things); and positive disposition (attitudinal) towards business ownership" (Akpor-Robaro, 2013). It accepting to undertake the entrepreneurial task.

#### **5. Pioneer Theories of Entrepreneurial Emergence**

The pioneer theories on entrepreneurship fall into three distinct perspectives, viz, sociological, psychological and economic perspective, with their major vanguards being Max Weber, David McClelland and Joseph Schumpeter respectively. Each of these early theorists tried to explain the driving force which cause individuals to become entrepreneurs and behave the way entrepreneurs do, as well as the development of entrepreneurial society in general.

While Max Weber, coming from a sociological background saw the entrepreneurship as a sociological phenomenon, McClelland and Schumpeter viewed entrepreneurship as a psychological and economic phenomenon respectively. The arguments and propositions advanced in support of each of these views are thought provoking and instructive in addressing the challenges of entrepreneurship development in many countries desiring to create an entrepreneurial society. However, these theories are not without weaknesses, both in terms of their underlying assumptions and their application. These weaknesses have provided basis for criticisms by some scholars and open a window for further theorizing on the subject.

#### *4.1 The Weberian theory*

Max Weber (1905) was concerned with the factor which helped the emergence and growth of entrepreneurship spirit. From the standpoint of sociology, he identified that the development and growth of the entrepreneurial phenomenon is determined by the value system and culture which affect human behaviour. He argued strongly that societal values are the key elements which explain the growth of entrepreneurial activities as well as the behaviour of entrepreneurs.

In the view of Weber, culture particularly religion has great impact in the making of entrepreneurs. This is because it determines, to a very large extent the attitude and behaviour of individuals and their disposition to life. He drew typical examples from the religions of old in which hardwork, thrift, exploitation of economic opportunities and planned living were seen as the service to God.

Weber views that religious teachings and doctrines engender discipline in people in their various endeavours including their economic activities and that such discipline especially with regards to economic endeavours, is a crucial prescription for economic growth of an individual entrepreneur (Akpor-Robaro, 2004). He declared that it was this learning from the religions that has helped in the development of entrepreneurship in orthodox societies. He strengthened his argument by citing the protestant ethics as the condition under which industrial capitalism of the western world emerged and flourished (Ilesanmi 2000).

According to the Weberian theory, entrepreneurship development arises only with a social group, which holds values similar to the ethics of the old religion, with a consecrated life, demanding dedication in one's calling, diligent labour and an ascetic life of self denial, which discourages the personal use of business profit but rather, encourages more investment in new ventures.

In summary, Weber posits that societal values or value system can help facilitate entrepreneurship in the following ways:

1. A good value system provides a coherent moral argument for entrepreneurial behaviour.
2. Moral beliefs act autonomously on the minds of individuals, forming character, which conceives entrepreneurship as a duty.
3. Value, embodied in an institution, defines groups with social cohesion and brings economic advantage.

The total submission of Weber is that society plays a big role in developing entrepreneurs. This is because the individual cannot manipulate his value at will but must draw them from the society in which he lives. A society that condones indolence, recklessness in the use of resources and applauds rectitude will breed individuals who exhibit such behaviour unrepentantly. (Akpor-Robaro, 2004).



#### 4.1.1 Critique

The Weberian theory, in spite of its appealing argument for sociological influence on the development and behaviour of entrepreneurs, drawing historical example from the contribution of the protestant religious ethics, has been attacked greatly by critics. The issue raised by most critics is that the theory fails to address the particular pattern of value which derived from religion or other ideological/cultural roots that must first develop to mould the entrepreneurial character in an individual which he can now transfer and execute to redeem his unsatisfied ambition in business (Akpor-Robaro, 2004).

Aside from the above point, two other points are also made against Weber's work, as pointed out by Ilesanmi (2000). Firstly, it is held that his findings are not applicable to the problem or modern day capitalism. Secondly, the theory is said to be invalid, in that, capitalism which is used as a reference case in the study upon which the theory is based, is older than protestant revolt. Therefore it could not have resulted from or attributed to Protestantism of the time.

Furthermore, the puritan seeks wealth for the fulfillment of his calling and the advancement of heavenly or kingdom work. But in radical departure from this, more often than not, the capitalist of today is a very secular person who does not regard his daily occupation as a religious calling and who thinks of religion and business as two parallel subjects (Ilesanmi 2000).

Although Weber may not have been categorical or succinct as it is expected by his critics in identifying and idealizing the pattern of value which is required for entrepreneurship development, it is nevertheless suggestive from the language of his analysis that Weber was referring to such value as prudence, financial responsibility, perseverance, hardwork, self control, financial probity and accountability, diligence, expert training and skill application, reward for merit etc. For the other criticisms the question is not what exists and what does not or what existed before what, but rather the link between the variables under consideration.

However, in spite of the criticisms against the Weberian theory, the theory cannot be discarded for lack of merit. One finds that even in our world of today the association between religion and business has become very strong. Many religions and religious leaders now accommodate a business dimension in their calling as a way of serving God and humanity. This is evident by the various businesses owned by religious bodies and leaders, which include schools, hospitals, housing estates etc. As Ilesanmi (2000) puts it, "the puritan divines built the praise of work to the greater glory of God into a detailed code of everyday conduct and thus forged a decisive link between rational economic industry and religious piety".

Obviously, the Weberian theory represents a milestone in the development of entrepreneurial theory. Even though Weber used culture and religion in particular as the basis for his analysis i.e. religion as the explanation variable for entrepreneurship emergence, nevertheless, the theory remains a pointer to the effect of society in general on the development of entrepreneurs and entrepreneurial society. The use of culture/ religion was necessary because of the direct and visible impact on societal/individual's value system. Using religion was for Weber to make quick understanding of the role of sociological factors in the making of entrepreneurs and entrepreneurial society.

Value system is a sociological phenomenon which derives from a people's culture/religion. There is no doubt that Weber appreciates and holds in high esteem the role of values of the individual in developing positive attitude and behaviour towards life. Evidently in human endeavour value system is a determinant of the nature of decisions to be made. Every dimension of a people's life and existence whether in politics and governance or economic activities is a function of the values the people hold. Essentially, the point of Weber's theory is that society and environment whether from political dimension or cultural/religious dimension would affect the development of entrepreneurial spirit and behaviour by exhibiting values that either enhance or inhibit entrepreneurship behaviour and drive. Thus, Weber's theory can be generalized as environmental theory of entrepreneurship which explains that the entrepreneurial individual is made from and by society.

In practical terms, the Weberian theory is relevant to many societies of our day. It provides lessons as to why certain societies or tribes are more or less entrepreneurial than others. Evidence of this is provided in African societies or countries characterized with a value system which exhibits extravagance as a way of life and wanton display of affluence as the measure of achievement. A value system which condones and applauds rectitude, and reckless and wasteful use of resources and all other elements of indiscipline that are contrary to the values and ethics of the old religion. We find in these societies or countries entrepreneurial effort is low as shown by the low level of industrialization and economic growth and development in contrast with countries in Europe and America where orthodox churches had their roots. Many of these societies or countries have been highly industrialized and developed with benefits from values and ethics of the orthodox churches.

In Nigeria, for instance, there is obvious disparity among the various tribes and this can be attributed to differences in the values held by tribes, particularly the three major tribes. The general opinion is that the Ibos are more business inclined ( or entrepreneurial), owning businesses much more than the Yorubas and the Hausas, particularly in the Micro and SME categories. The Yorubas are placed second in this ranking before the Hausas. The general opinion about the Ibos is that they are prudent in business financial accountability, and engage in self denial for the success of their business. They are more diligent in the use of business resources. They are future minded, believing that their tomorrow is determined by today's action. In a way they suffer a feeling of insecurity. This forces them think creatively and proactively, to reach out for today's opportunities that will assure their tomorrow. Perhaps, contributory to this, is their historical experience of the civil war and the aftermath, which subjected them to serious economic hardship and emergency situation, and the need for survival, and consequently forcing them to think creatively to survive. These attributes are largely absent in the other tribes.

There might not be empirical evidence to support these observations, and again current circumstances would have changed the values of the tribes and blurred the areas of distinctions among them but the observations are germane to what existed among the tribes in a few years back.

On one hand, one may be tempted to explain, these differences in entrepreneurial attributes among the Nigerian tribes by their religious backgrounds. While the Ibos are predominantly Christians, the Yorubas are a mixed grill of Christians and Moslems. Whereas, the Hausa/Fulani society is dominated by the Islamic faith. There is no doubt that these religions have affected the circumstances and value systems of these tribes, and this accordingly would have accounted for the disparity in their behaviours and entrepreneurial attributes. On the other hand, however, if the religious factor is an

argument for the disparity in entrepreneurial behavior and involvement among Nigerian tribes, how does one explain the cases of industrialized nations that are predominantly Muslim societies vis-à-vis less industrialized nations that are predominantly Christian societies. This apparent contradiction is the basis for the criticism of the theory of Max Weber about the use of religion as explanatory variable for entrepreneurial emergence and behaviour. However, Weber's interest in the sociological impact on entrepreneurship is not limited to religious factor alone, it covers all sociological factors which affect individual's value system and existence.

The Nigerian situation as may also be found in other African societies gives credence to the theory of Max Weber.

#### *4.2 McClelland Theory (Need-for-Achievement Theory)*

In the early 1960s, David McClelland, from his background of psychology, tried to provide explanations to entrepreneurial emergence and behavior by individuals, and to make an understanding of the factors of development of an entrepreneurial society. Essentially, McClelland was to identify the role of psychological factors in stimulating the individual to becoming an entrepreneur. In furtherance of this, he undertook an analysis of the distribution of the "need-for-achievement" among members of the society of his time. From his findings, he put forward what is perhaps the first and certainly the most important theory of entrepreneurship, rooted in psychology. It is often referred to as the psychological theory of entrepreneurship.

McClelland proposed, based on his analysis, that people who pursue entrepreneurial like careers are motivated by the psychological need to achieve, and are high in "need achievement". In his famous treatise titled "need achievement", he stated that an individual would be spurred into entrepreneurship essentially by the intrinsic motive to achieve for the sake of achievement. In his statement, "the connection seen by Max Weber between the protestant reformation and entrepreneurial spirit can be understood only as a special case, and by no means limited to Protestantism, but is more in form of 'need achievement', sharpened by an ideological change".

Essentially, the "need for achievement", theory of entrepreneurship is an extension of McClelland motivation theory (Achievement Motivation's Theory). According to the achievement motivation theory, an individual is born with three inner urges, (drives or motives) - need for great achievement, need for domination (Power) and need for bond feelings (Affiliation). A person's personality is defined by the dominance of each of these motives. McClelland named these three intrinsic motives as (a) the need for power (n-Pow) (b) the need for affiliation (n-Aff) and (c) the need for achievement (n-Ach). He however, counseled that a person's nurture and culture can enhance his becoming any of these personalities.

According to the view of McClelland the n-Arch motive is the most relevant element for entrepreneurial development. He explained that the need for achievement makes the possessor to behave with great aspirations and expectation as well as optimism and enthusiasm in his pursuits. N-Ach personalities work harder, do astonishing honest jobs, and value cutting-edge accomplishments more than rewards. (Ebisike, 2003).

McClelland explained the concept of 'Achievement Motivation' or 'need achievement' in two aspects, viz, its core drive and its contents. In the first instance, it is centered on "making a thing happen for its own sake" i.e. because it is good for it to happen and not because of any rewards of any



kind or influence over another person. It operates with a unique standard of excellence which is centered on comparative degree and superlative degree only (Ebisike, 2002). In terms of content, the n-Ach consists of the following:

1. Thinking of improvement when doing any activity.
2. Feeling of excitement towards everything that one does.
3. Behaving ethically progressively in all dimensions of one's actions
4. Being in competition with oneself, i.e. doing anything one has or wants to do better than one did it before in content and in process as well as in the use of resources for achieving goals.
5. Being in competition with others i.e. doing anything one has or wants to do better than anyone else in content and process as well as in the use of resources to achieve desired goals.
6. Long-Term Involvement: This is doing anything one has or wants to do in a long term involvement or investment to achieve spectacular results.
7. Unique Accomplishment: Doing anything one has or wants to do that is unique for inanimate/animates' development and progress.

McClelland stated that n-Ach orientation helps one to know the differences between "what one is" and "who one is" (Ebisike 2002). Essentially, he posited that an individual's need for personal achievement is above all, what drives him towards entrepreneurship. He canvassed that the "need for achievement" exists intrinsically in every individual, in varying degrees, and that fundamentally rather than a particular training, emotional practice and value orientation, it is this intrinsic motivation that produces that disposition which favours the rational pursuit of actions which in themselves are good and socially desirable/ profitable, even in the absence of visible and immediate economic gains.

The theory argued that people with high need achievement like to take risks, but only reasonable ones. Such risks stimulate them to greater effort. It explained that, classes, tribes or nations differ in entrepreneurship not as result of different ideology and value system but due basically to their differing positions of "need-for-achievement" in the pyramid of intrinsic motives. McClelland opined that certain societies tend to produce a larger percentage of people with high "need for achievement" than others. This accounts for the dearth of effective entrepreneurs and the low level of entrepreneurial activities in many countries, and the disparity in industrialization and economic development among nations.

A number of psychologists have lent support to the McClelland school of thought. These include, Thomas Begley and David Boyd who in the 1980s studied the literature on the psychology of entrepreneurship in an effort to ascertain the dominant psychological factor which propels entrepreneurship. In addition to the need-achievement factor, they identify internal locus of control as a determinant of entrepreneurial emergence. In drawing support for McClelland's theory, they stated that persons who are high in "need achievement" tend to exhibit internal locus of control, tolerance for ambiguity and a pattern of behaviour characterized by a chronic, incessant struggle to achieve more and more in as short time as possible (Kuratko and Hodgetts, 1998).

#### 4.2.1 Critique

The McClelland theory has not been challenged too heavily except for the observation of Birley (1990) who argued that the theory concentrated on entrepreneurial motivation and held constant the issues of entrepreneurial flair, the ability to take business risks and the desire to start a new business concern. According to Birley (1990), cited by Osuagwu (2001), the theory assumed that such traits are inherent in the need-for-achievement and hence in the entrepreneurial person. Birley has argued

that even as these characteristics may be inherent, they would remain latent and dormant in the individual without translating to entrepreneurial drive except ignited to become active by some external force of nurture and environment of the individual. In other words, the extent to which an individual can be driven by the intrinsic motives and inherent characteristics to becoming an entrepreneur is a function of his nurture and environment. Therefore, the would be entrepreneur still would depend on his social and cultural environment to make good his inherent psychological need for achievement.

It is instructive to note that Birley's argument does not presuppose that the sociological theory of Max Weber is superior to the Psychological theory of McClelland, rather it expresses and explains a complementary role between the two theories in the emergence and behavior of entrepreneurs. As implied in the counsel of McClelland, the extent to which an individual exhibits the need for achievement would depend on his nurture and environmental influence. Certainly, the psychology (behavior) of a person is influenced by his culture and social system, and in reverse, a people's culture and social system and values are a function of the psychology of the people.

It should also be noted that McClelland's emphasis on psychological factors as determinants of entrepreneurial role behaviour does not all together put away the impact of sociological factors on entrepreneurship. It is a matter of superiority of one set of factors over another in terms of fundamental or baseline influence or impact. In fact, McClelland saw moral propaganda as a crucial factor in the promotion of business, for providing capital, skill management, organization and market. The problem according to him, is being able "to develop character by means that will not be rejected out of hand as an unwarranted intrusion into a national way of life". This problem in his opinion can only be tackled by presenting openly a psychological evidence that certain motives and values are for economic progress; then the individual is given the opportunity to choose what he wants. Birley did not see the superiority of one set of factors over another, rather, he saw a complementary role between the sociological factors and the psychological factors in the making of an entrepreneur.

However, aside from the casual observation by Birley, the McClelland theory has enjoyed a lot of support from scholars of entrepreneurship. The theory in recent times has been broadened to accommodate other psychological factors which influence an individual to want to start a business of his/her own. Such factors include, need for respect, freedom and an exciting life style (Fagenson, 1993, cited by Kuratko and Hodgetts, 1998).

The validity of the McClelland's theory to entrepreneurial motivation and emergence is never in doubt, particularly in the context of developing countries. Evidence has shown that people in developing countries are low in need achievement and high in need for power and affiliation. Power and affiliation motivations are at the top of the hierarchy of the Africans intrinsic motives with a great urge to dominate and destroy the enemy, a feeling or need to trust only those around us, those we know well, and the feeling to ignore doing good for its own sake.

In Nigeria for instance, the McClelland's theory provides explanation for the entrepreneurship situation across the country. An analysis of Nigerian people across tribes based on McClelland need for achievement intrinsic motive specifications presented in pages 9-10 would show that Nigerians generally satisfy very limitedly the specified requirements/characteristics, both in terms of its core drive and its contents.

Nigerians, apparently, are more concern with volume of financial rewards than the social rewards which an activity would generate for them. Hence except a possibility or opportunity for financial reward exists in the immediate term, a Nigerian would be very reluctant to engage in such activity even when he/she has the capacity to successfully execute it. In other words, Nigerians are driven more by external stimuli- financial rewards- than intrinsic values/motives underlying the 'need for achievement' proposed by McClelland. Nigerians like many other African peoples are hardly driven by inner satisfaction of achievement for its own sake, without immediate physical/material rewards.

Another critical characteristic of Nigerians which contrasts with n-Ach requirements for entrepreneurial behavior is lack of perseverance. Nigerians are generally, hasty and want fast rewarding businesses or economic activities (quick-in businesses), and therefore, are not able to condone the long term business involvement which underlie the need for achievement motive.

Essentially the point to note here is that, the features which describe the n-Ach individual are lacking greatly in most Nigerians. The 'need for achievement' which Nigerians possess is pseudo. This makes it difficult for bulk of Nigerians to be entrepreneurs, in the true sense of the word. The evidence of the lack of the n-Ach characteristics among Nigerians is shown by the rate of business failure and closure among Nigerians which outweigh the rate of business establishment. This is a result of a reliance on external stimulus-financial reward- which is often limited, not attractive and not easily achieved, in many areas of entrepreneurship/business ventures, and which ceases to provide the required appetite for the sustenance of entrepreneurial interest in the event of business downturn.

This deficiency in "need for achievement" characteristics among Nigerians explains why entrepreneurship in Nigeria remains low in spite of effort and encouragement by government at all levels and non governmental agencies to promote entrepreneurship development amongst Nigerians.

Although the McClelland theory provides an explanation of the global perspective of the entrepreneurship situation in Nigeria, it does not provide a clear basis for understanding the seeming entrepreneurial disparity among Nigerian tribes, or put differently, the differences in 'need for achievement' characteristics among Nigerian tribes are blurred. It is difficult to distinguish the tribes with respect to their level of possession of the n-Ach characteristics, and this makes it difficult to rationally differentiate the level of 'need for achievement' of each tribe in relation to other tribes. Thus applying the McClelland theory for comparative assessment of the disparity in the level of entrepreneurial engagement among Nigerian tribes is an uphill task.

The theory can be said to be greatly successful in the Nigerian context, even though it has difficulty explaining, on the basis of the psychology of the different tribes, the entrepreneurial disparity among Nigerian tribes. The 'need for achievement' is a critical, fundamental condition or factor for emergence and behavior of individuals as entrepreneurs in Nigeria as in other societies. The part of departure, however, is that, in Nigeria, the need for achievement is not based on intrinsic values or motives, but on external stimulus of financial gains. In other words, the Nigerian entrepreneur is motivated not by need for achievement based on intrinsic values but by need for achievement based on financial rewards. Apparently, the McClelland specifications in the psychology of the n- Ach individual do not fit into the psychology of Nigerians in general. It is for this reason that sustaining entrepreneurial drive among Nigerians is difficult.

However, one can risk a conjectural suggestion that, based on the reality of their antecedents, the Ibos are closer to the McClelland n- Ach individual than other tribes, in some respects. The Ibo tribe seems to exhibit more of the n- ach characteristics than the other tribes when judged on the basis of a sustained or over the years business antecedents. They have been known for industry and creative efforts, and the tendency to own and run their businesses and be self employed is a dominant characteristic among majority of them, although not without the objective of economic gains. The fundamental point is that, on the average, they exhibit characteristics that are in consonance or in close link with 'need achievement' motives, and this stands them out as entrepreneurial tribe relative to others in Nigeria.

In conclusion, one would say that the McClelland theory provided adequate explanation for the entrepreneurial situation in developing countries and in Nigeria in particular. People/tribes that have high need for achievements have shown higher tendency of being entrepreneurs than people/ tribes which exhibit reverse characteristics. Such peoples have however been enhanced by their nurture and the influence of sociological factors.

#### *4.3 The Schumpetarian Theory*

The Schumpetarian theory of entrepreneurship is based on the role of economic factors in the emergence, behaviour and performance of entrepreneurs. The theory explained that entrepreneurship is fundamentally an economic phenomenon. The theory was spearheaded by Joseph Alois Schumpeter who in 1934 argued that entrepreneurship is principally a function of economic factors and also, it is a causal variable for economic development. In his view, entrepreneurs emerge and behave the way they do because of the desire for economic benefit. In other words, entrepreneurship is borne principally out of economic motive. Whether at the level of society at large or the individual member of society, it is the need to increase economic fortune that drives people to engage in entrepreneurial ventures i.e. to exercise initiative, to be creative and innovative, to take risk, to develop new methods of production and organization, and to own businesses with potential for higher economic reward.

He explained that entrepreneurship is directed at causing change, through creativity and innovation. It is the ability and desire to cause change that defines the entrepreneurial spirit that differentiates an entrepreneur from a non entrepreneur. However. The objective for doing things differently is to advance one's economic gains. The need to increase economic fortune is the galvanizing force to cause change. Impliedly, Schumpeter's argument is that while entrepreneurship is the engine of the mechanism of change the principal force behind such change is economic motive.

Although Schumpeter agreed with McClelland's view that the need for achievement is the motivation for entrepreneurship, he nevertheless viewed that it is not the need for achievement for the sake of achievement but achievement which reflects increase in economic fortune, i.e. achievement measured in economic value. He argued strongly that, except an achievement or activity attracts economic/financial rewards, it is not likely to attract the interest and effort of an individual to invest his resources and to take the necessary risk. Therefore, it is not just the need for achievement that motivates entrepreneurs but the need for financial achievement i.e. wealth increment.

The Schumpetarian theory posited that as Weber contended, a good value system is important for the success of entrepreneurial venture but this is only as far as entrepreneurial performance is concerned, since such values propel the entrepreneur towards ascetic life, diligence and discourages the personal

use of business resources and encourages judicious use of resources for more investments. Schumpeter held the view that strong cultural and religious values are relevant to entrepreneurship only because of the positive effect on the advancement of the economic fortune of the individual.

Beyond the postulation that entrepreneurship is a function of economic factors and specifically that it derives from the personal need for wealth creation by the individual, the Schumpeterian theory also espoused the role of entrepreneurship in economic development. According to Schumpeter, entrepreneurship is the crucial and decisive factor in the process of economic development. He explained that entrepreneurship is broadly synonymous with innovation which he referred to as the “creative response” to economic system. “Change”, the fundamental consequence of entrepreneurship results from innovation. Thus “change” is the force behind economic development, in the view of Schumpeter.

An economy without ‘change’ would remain static and would never grow. He therefore described the entrepreneur as the necessary destabilizing force which acts to move the economy from its current state to a new one. According to Schumpeter, economic equilibrium, which optimizes what already exists does not create healthy economies. He stated that a dynamic economy takes as its norm the disequilibrium brought about by the constant change and innovation of entrepreneurship (Stokes, 1995). The theory posited that a nation with a dearth of entrepreneurs cannot develop and a society or people with psychological aversion to change would find difficulties turning out entrepreneurs.

In conclusion, the theory viewed that the entrepreneur as an economic oriented innovator is an agent of economic development, who responds to human needs by creative innovation aimed at improving existing situation or previous situation which result in a new economic value. Thus in essence, the creative ability to innovate for the purpose of wealth creation is the whole concept of entrepreneurship. This desire to create wealth is a personality trait inherent in an individual but nevertheless it can be ignited and enhanced through the provision of a suitable and an enabling environment, (Awe, 2007). It is in view of this, that Schumpeter declared that entrepreneurship is both an agent and a product of development.

#### 4.3.1 Critique

The Schumpeterian theory has been criticized on the fact that it equates entrepreneurship with innovation. Critics hold the view that entrepreneurship goes beyond innovation. Although innovation is an essential part and ingredient of an entrepreneurial event, it is not all that entrepreneurship entails. They argue that innovation will become entrepreneurial if it translates into economically profitable venture. Hence, innovation is not necessarily entrepreneurship per se, except it is organized to yield economic value or reward. That is, if it is developed into useful products or markets.

Although the criticism against the theory might be germane but it is not enough to hold the theory to ransom as to cause its rejection. The theory has great validity in terms of the causal factor or motivation for entrepreneurial emergence. If entrepreneurship is concerned with establishing an economic/business venture and since every business is profit oriented then it stands to reason that profit making motive must be the motive behind entrepreneurship. People own businesses because of the desire to better their economic wellbeing and not merely because of being recognized. People can achieve in negative areas which certainly do not serve society any good, and which may not put money into their pocket and yet they would be recognized for their feat. But negative achievements



are not regarded as entrepreneurial, since such achievements are not marketable, even when so, their marketability is not sustainable. Thus the only valid reason for entrepreneurship is sustainable economic reward.

In Nigeria as in many societies people are driven to owning their business due to the desire to uplift themselves from their current economic state to a new state with higher income. People with high desire for wealth tend to take more interest in trying their hands in activities which lead to wealth creation. For instance in Nigeria some tribal groups are perceived to have high desire/ love for money and these groups have also been known for entrepreneurship and ownership of personal businesses of various sizes. Even within a given tribe or ethnic group, a section might have greater inclination towards financial achievement and therefore exhibit more desire for business ownership as a means to help them achieve their objective than other tribes.

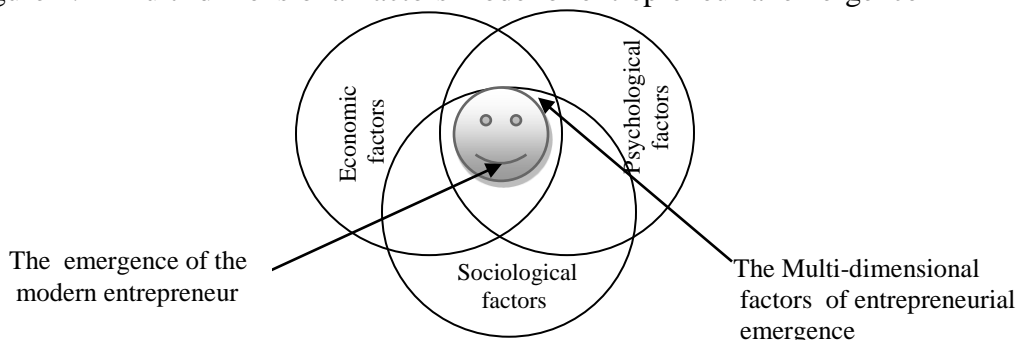
### 5. Reflections on the relevance of the theories and their mutual influence on Entrepreneurial Emergence in today's world.

Although contemporary perspectives of the theory of entrepreneurial emergence provide more practical view and are more specific than the pioneer theories in terms of the factors which cause the emergence of entrepreneurs, it must be appreciated that these contemporary perspectives have their roots in the pioneer theories, with each being more or less a sub-theme of the broader perspectives of the earlier theories. In essence the pioneer theories provided the foundation for the newer theories. Therefore, their relevance cannot be wished away in the analysis of entrepreneurial emergence.

These sub-theories narrow the explanation on entrepreneurial emergence and behavior to the influence and impact of some relevant factors within the global views of the earlier theories. These theories are associated with such factors as ecological factors, historical factors, experiential factors, developmental factors, educational factors, technological factors, economic factors and networking. Each of these theories presents the associated factor as a causal factor for entrepreneurial emergence and behavior on the basis of the opportunity it provides individuals for becoming entrepreneurs and the facilitating role it plays in the process of entrepreneurial emergence.

It must be pointed out that all the theories and views on entrepreneurship are relevant to entrepreneurial emergence. It is also worthy of note that each of these newer theories is subsumed in either one or two of the broader perspectives represented by the old school. There is also evidence that the specific factors reflected in these theories are interactive and mutually interdependent in determination of entrepreneurial emergence, as shown in the figure below.

Figure 1: A multi-dimensional factors model of entrepreneurial emergence



Source: Authors

Essentially, entrepreneurial emergence is a consolidation of diverse factors. As the model shows entrepreneurial emergence is determined at the point of intersection of the three set of factors, reflecting a combination of psychological, sociological and economic situations of an individual.

Practically, entrepreneurial emergence is substantially a behavioural activity and orientation towards business ownership and operation. It is expressed not only in one's desire to pursue a business opportunity but also in one's ability to perceive a business opportunity and to cope with the conditions of business ownership and operation. But critically such desire and ability are fuelled and supported by societal value system and enabling environmental conditions which surround the individual. Therefore, considering the complex nature of the interactional relationship between the individual and his society, and the influences of various factors, the theory of entrepreneurial emergence, cannot be reduced to one dimension. Our entrepreneur in the model represents the typical entrepreneur of today. The emergence of that entrepreneur is a result of not only one factor or set of factors, but a combination of the set of factors indicated. The factors reinforce one another to exert pressure on the individual to become a business owner.

The author therefore recommends a multidimensional approach to the theory of entrepreneurship, to give a holistic view of the situations and conditions under which entrepreneurs emerge. The approach presents a more detailed and explicit view of the multidimensional nature and interdependence of the determinants of entrepreneurial emergence. It provides a framework to synthesize the role and contributions of the various factors, ranging from the individual's inherent characteristics, his socio-cultural environment, to his economic quest. The approach relates each of these dimension with the other.

### **Conclusion**

In conclusion, the orthodox theories are all time relevant, that is, the variables for entrepreneurial emergence remain the same across times and space (societies). What is likely the difference is the degree of presence of these variables at each point in time and space. Nevertheless, the pioneer theories are valid and relevant in modern day entrepreneurship, for both the individual and society in general.

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