

The American Dream vs Janteloven

Entrepreneurship in the
United States and Sweden

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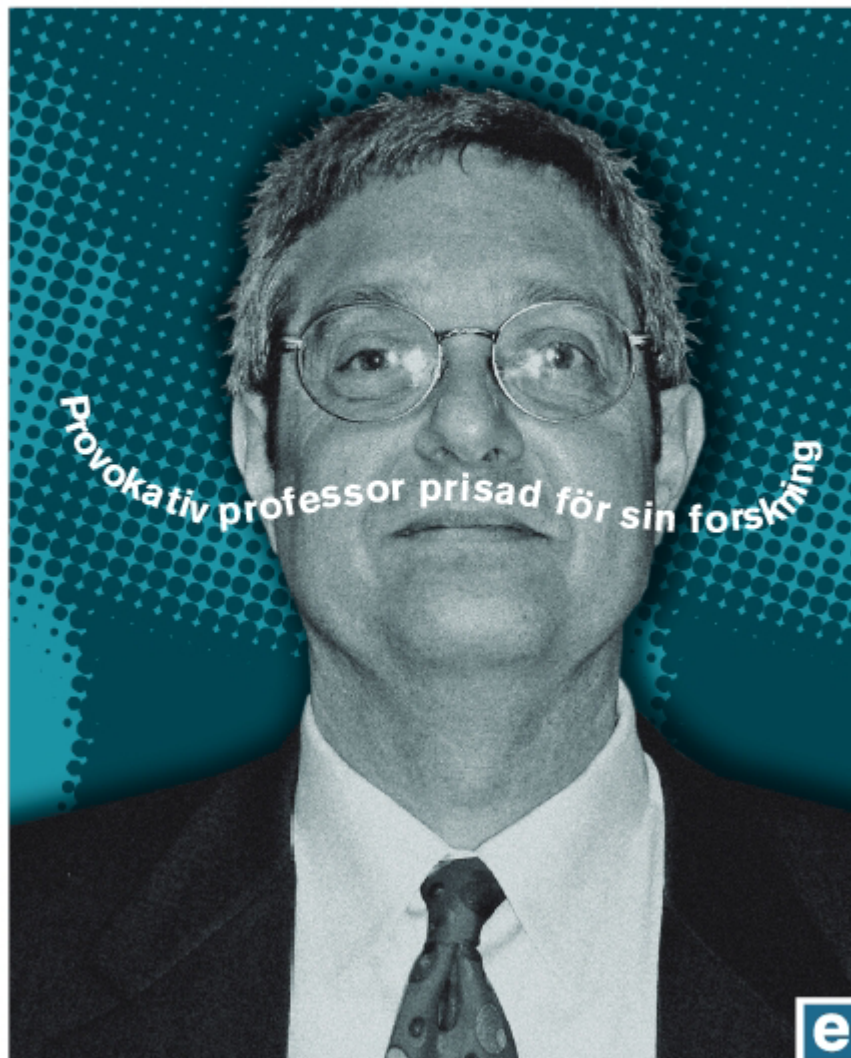
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FORSKNING OM
ENTREPRENÖRSKAP
OCH SMÅFÖRETAG

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ENTRÉ GES UT AV ESBRI - INSTITUTET FÖR ENTREPRENÖRSKAPS- OCH SMÅFÖRETAGSFORSKNING



Janteloven

The ten commandments of Jante are: 1. Don't think you are somebody. 2. Don't think you are as good as us. 3. Don't think you are smarter than us. 4. Don't think you are better than us. 5. Don't think you know more than us. 6. Don't think you are more important than us. 7. Don't think you will ever be anybody. 8. Don't think you can laugh at us. 9. Don't think anybody gives a damn about you. 10. Don't think you can teach us anything.

To ``Jante``

To live in the spirit of janteloven.

To ``Jante``

To be: 1. Not somebody. 2. Not as good. 3. Not as smart. 4. Not better. 5. Not knowledgeable. 6. Not important. 7. Won't be anybody. 8. Laughing at him/her self. 9. Unrecognized. 10. Can't teach.

To ``Jante``

To become invisible to others

Entrepreneur

A person who ``organizes``

Organization creator

Business developer

Jantepreneur

The invisible entrepreneur:

“One who organizes without being noticed.”

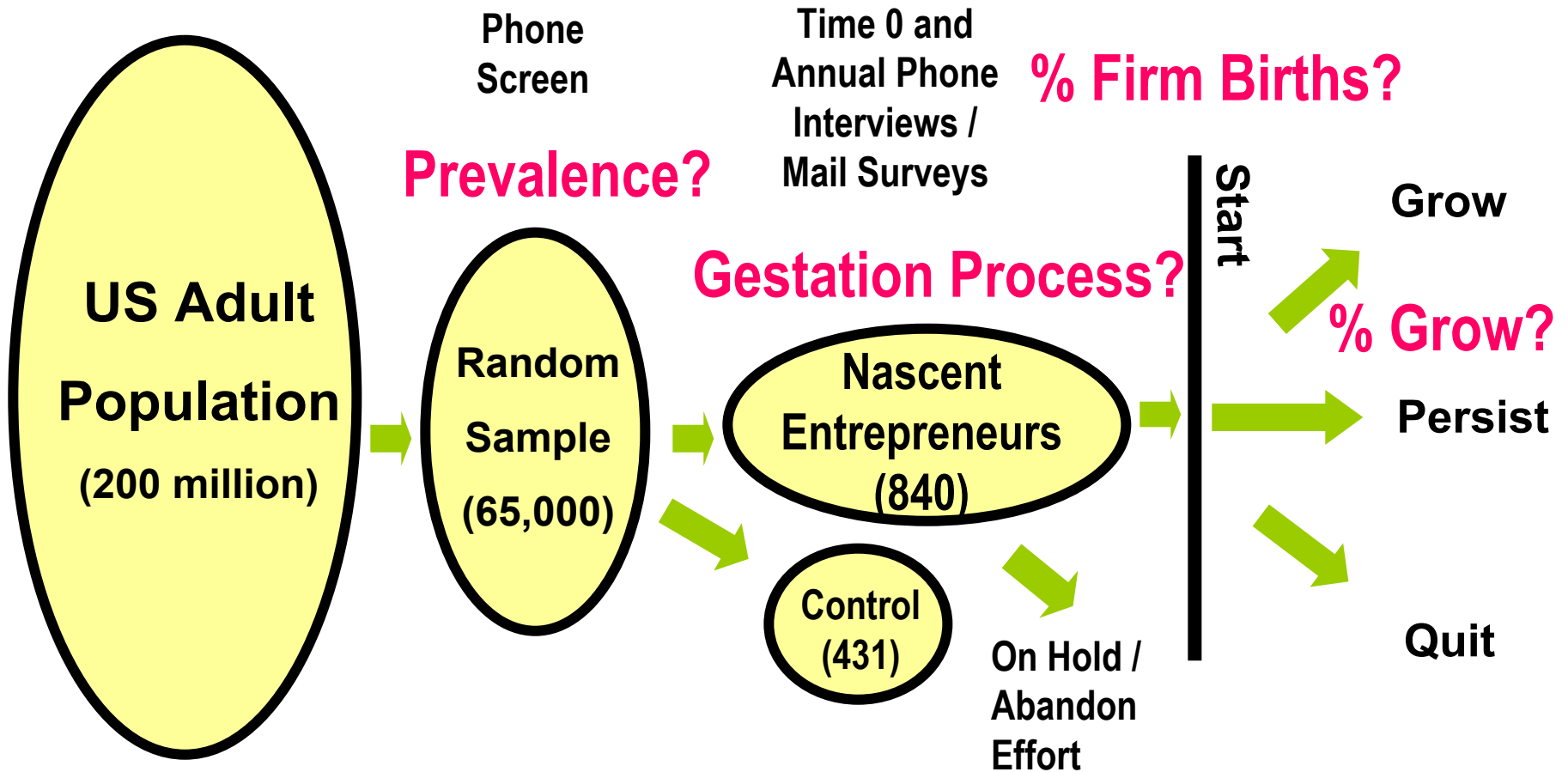
The Panel Study of Entrepreneurial Dynamics, Or...

**What I learned about entrepreneurs
and entrepreneurship after 12 years
and 3 million dollars.**

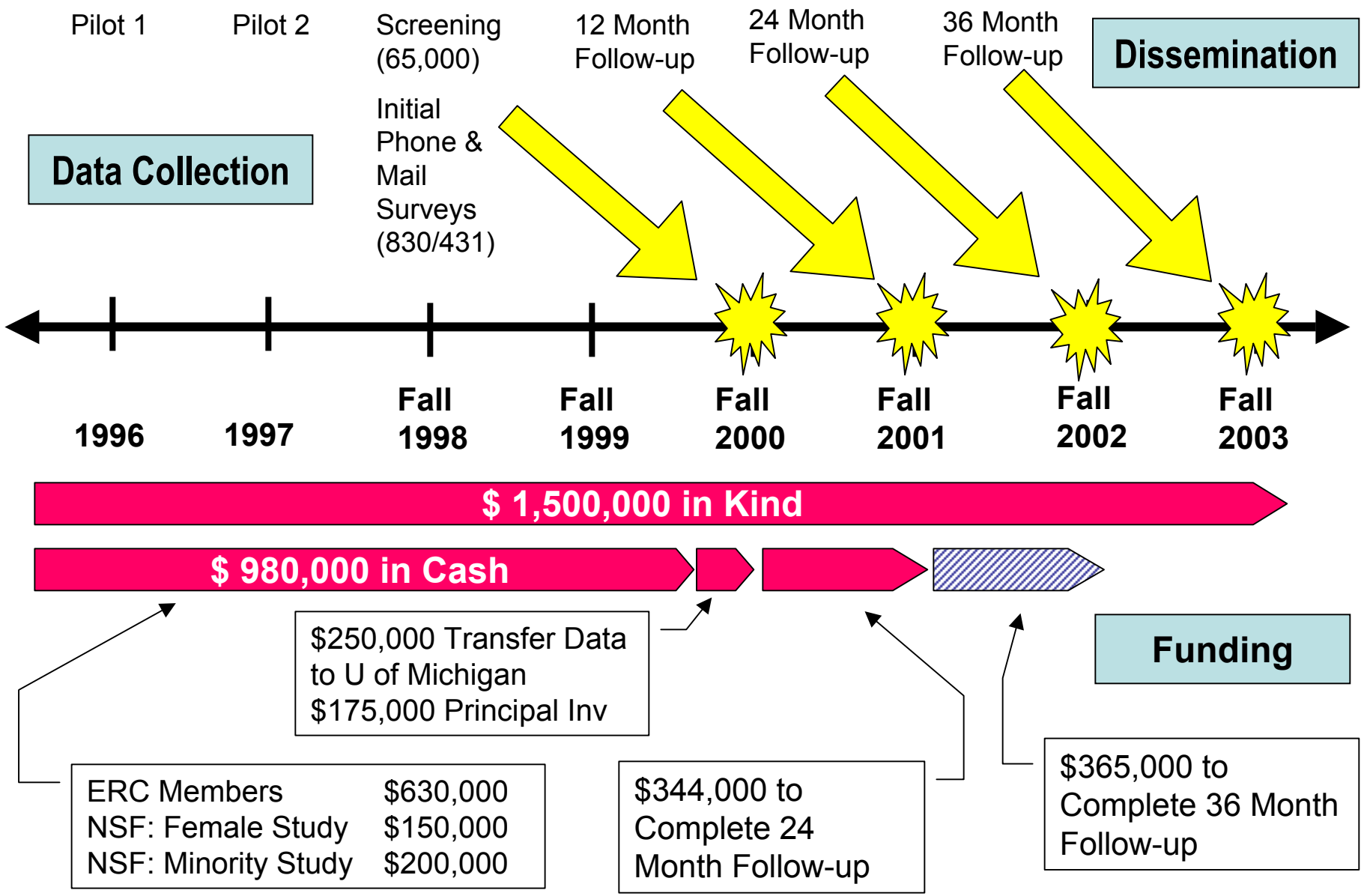
PSED Research Questions

1. Where do “nascent entrepreneurs” (people in the process of starting a business) come from?
2. Are nascent entrepreneurs (NE) different from “others”?
3. Why are some nascent entrepreneurs successful at starting businesses while other NEs are not?

PSED Research Design



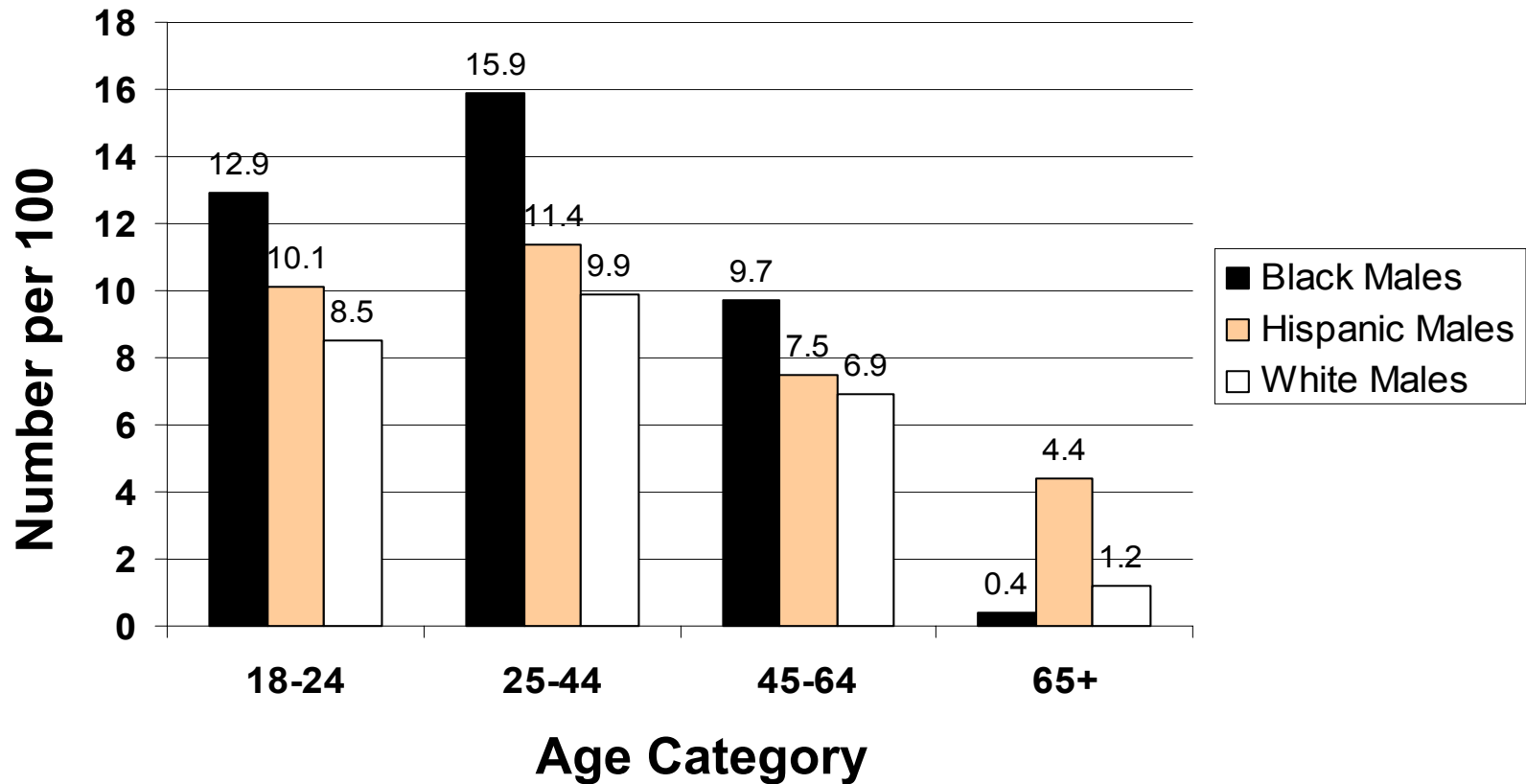
Timeline for Dissemination of PSED Results



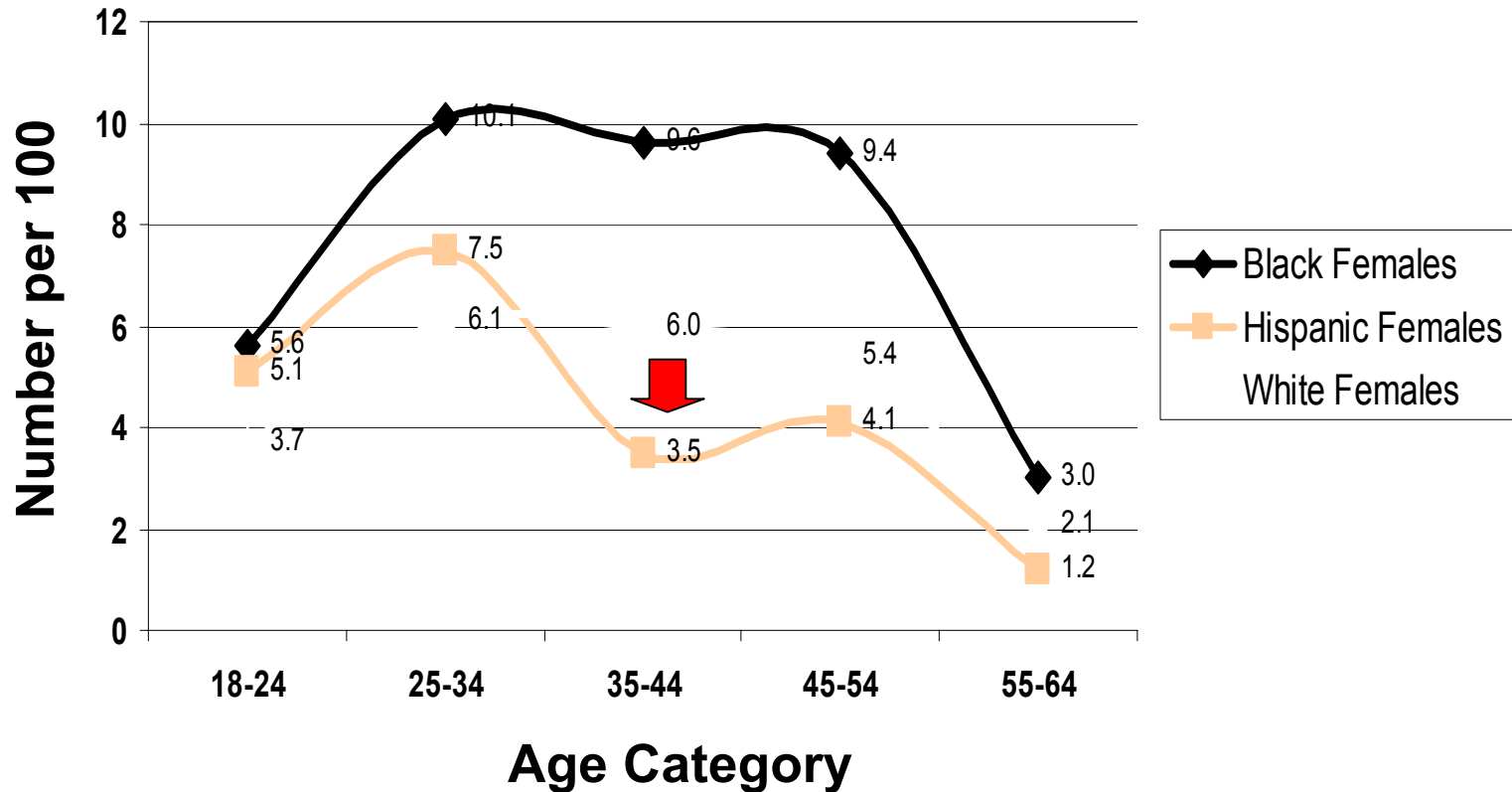
Where do “nascent entrepreneurs” come from?

Reynolds, Paul D., Carter, Nancy M., Gartner, William B., and Patricia G. Greene (2004). “The Prevalence of Nascent Entrepreneurs in the United States: Evidence from the Panel Study of Entrepreneurial Dynamics.” *Small Business Economics*. 23: 263-284.

Prevalence of Nascent Entrepreneurs by Age Black v Hispanic v White Males

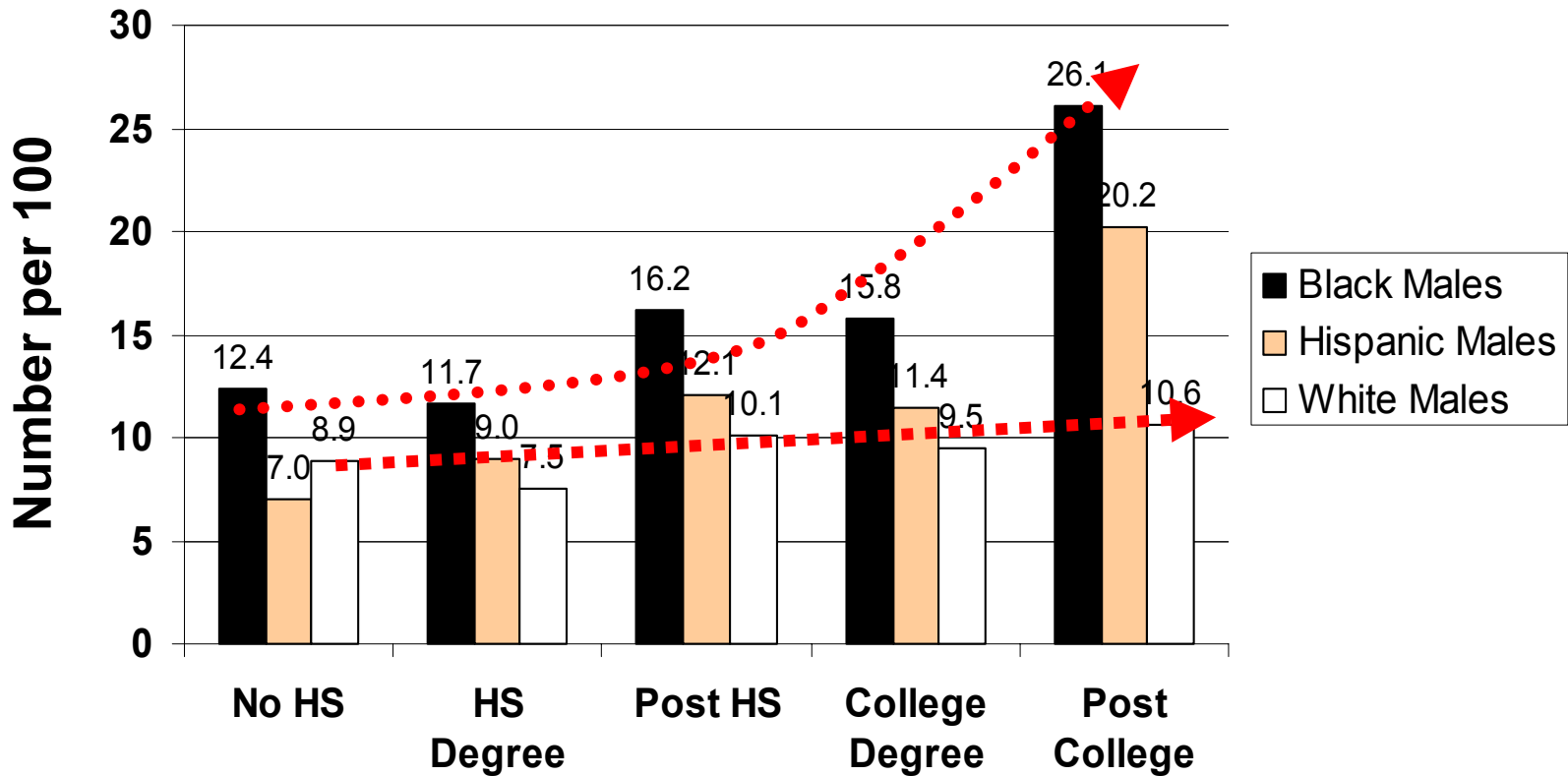


Prevalence of Nascent Entrepreneurs by Age Black v Hispanic v White Females

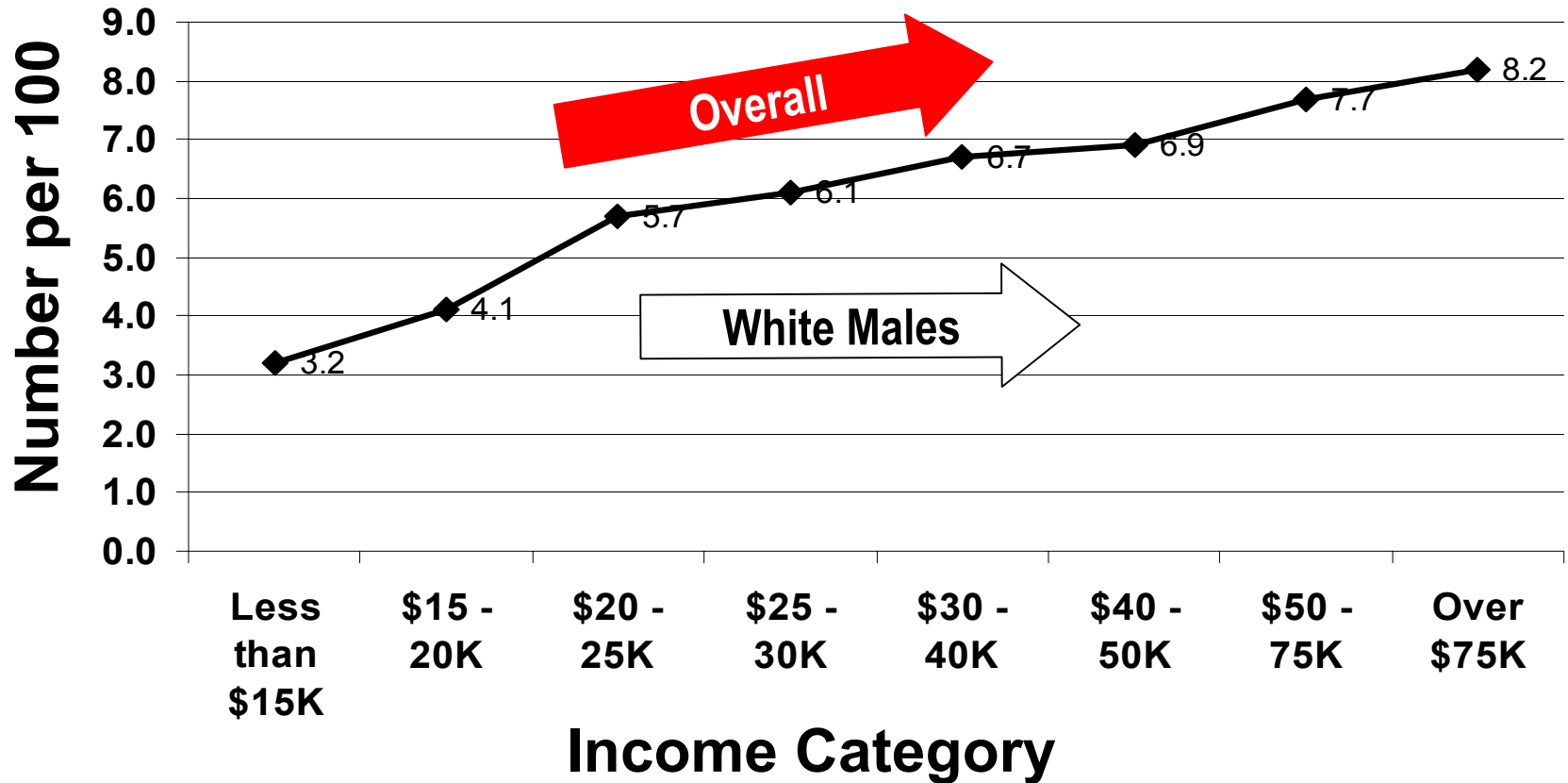


Prevalence of Nascent Entrepreneurs by Education

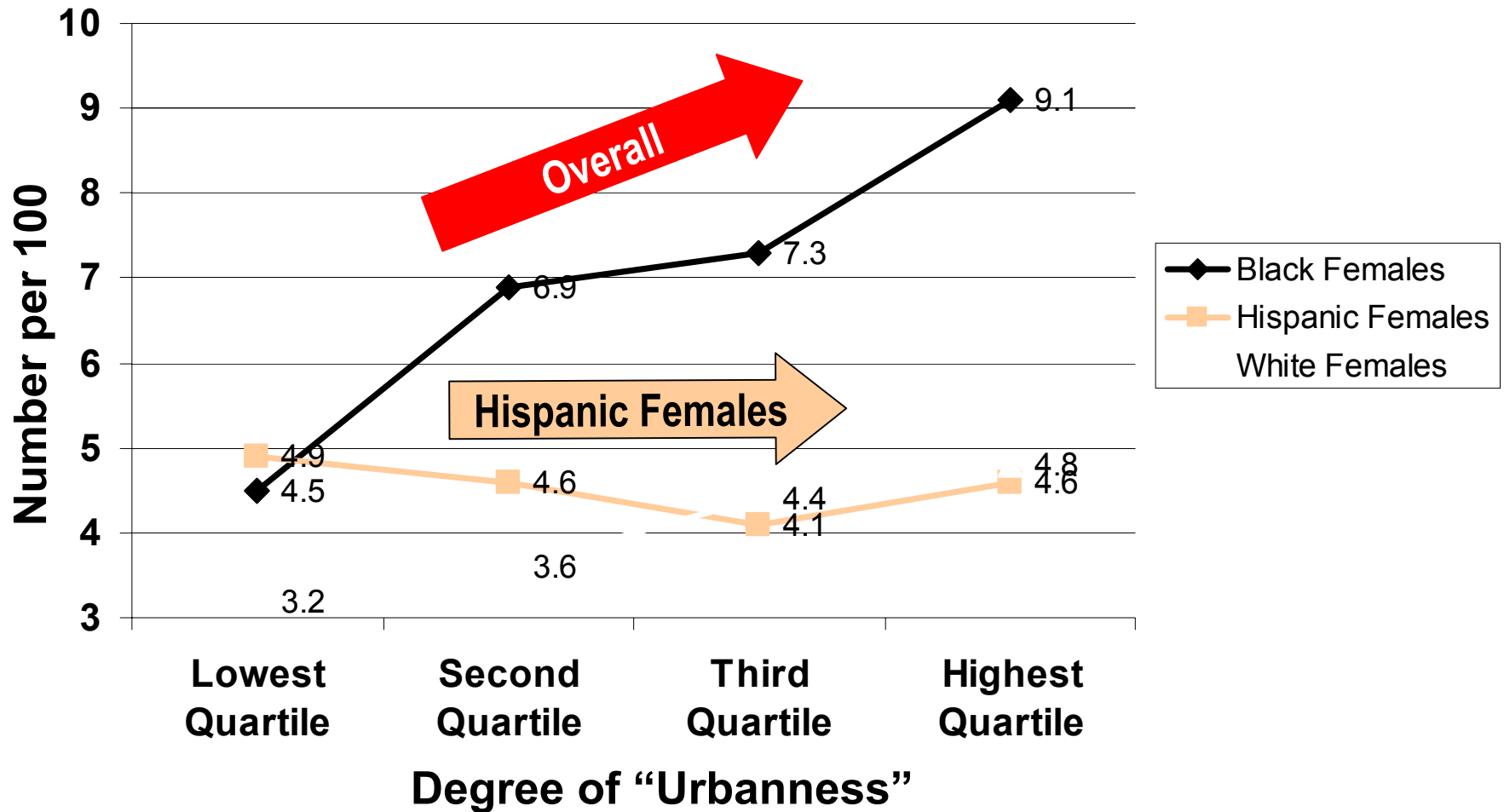
Black v Hispanic v White Males



Prevalence of Nascent Entrepreneurs by Household Income



Prevalence of Nascent Entrepreneurs by Degree of "Urbanness"



Education Matters!

In an information-based economy, people with knowledge and skills are **able** to pursue opportunities.

Willing + Able

Willing + Able	= Star
Not Willing + Able	= Motivate
Willing + Not Able	= Train
Not Willing and Not Able	= ?

Are nascent entrepreneurs (NE) different from “others”?

Carter, Nancy M., Gartner, William B., Shaver,
Kelly G. and Elizabeth J. Gatewood (2003).
“The career reasons of nascent entrepreneurs.”
Journal of Business Venturing. 18 (1): 13-39.

Career Choice Reasons

Innovation - an individual's intention to accomplish something new

Independence - desire for freedom, control and flexibility in the use of one's time

External Validation - intention to have status, approval, and recognition from one's family, friends, and from those in the community

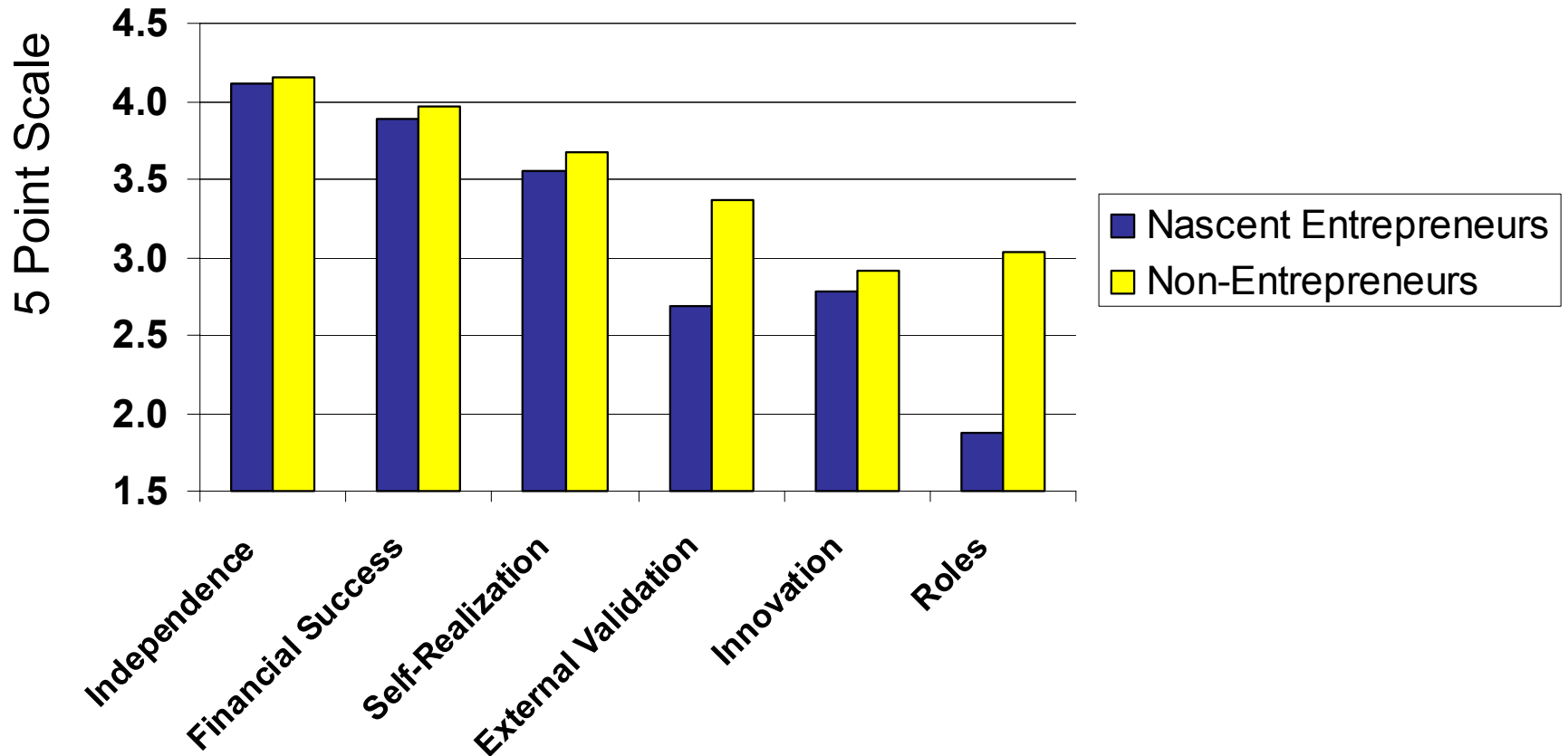
Roles - desire to follow family traditions or emulate the example of others

Financial Success - intention to earn more money and achieve financial security

Self-realization - pursuing self-directed goals

Reasons for Choosing a Career

Nascent entrepreneurs v Non-entrepreneurs



Career Choice Reasons

Measured by a composite of the six scales, non-entrepreneurs scored higher than nascent entrepreneurs.

There was **no significant difference** between nascent entrepreneurs and the comparison group on four of the scales: *self-realization*, *financial success*, *innovation*, and *independence*.

Men (entrepreneurs and non-entrepreneurs) have higher scores on *financial success* and *innovation* than women, regardless of their group of origin.

Career Choice Reasons

There was, however, a **significant difference** between nascent entrepreneurs and the comparison group on two of the scales: *external validation* and *roles*.

Entrepreneurs don't care about what other people think about their pursuit of entrepreneurship as a career choice.

Risk Taking

Xu, Hongwei & Reuf, Martin (2004). The myth of the risk-tolerant entrepreneur. *Strategic Organization*. 2 (4): 331-355.

Risk Taking

Nascent entrepreneurs choose less risky investments than the general population

Nascent entrepreneurs predict that new venture failure rates are higher than the general population

Risk Taking

Nascent entrepreneurs are risk-averse

Job and Life Satisfaction

Schjoedt, L. & Shaver, K. G. In Press. Deciding on an Entrepreneurial Career: A Test of the Push and Pull Hypotheses using the PSED Data. *Entrepreneurship Theory & Practice*.

Job and Life Satisfaction

Nascent entrepreneurs are just as happy with their lives as others.

Nascent entrepreneurs are more happy with their (current or previous) jobs than others.

It is not about MOTIVATION

The able are more willing....

Entrepreneurship is one of many career options for nascent entrepreneurs.

Are nascent entrepreneurs (NE)
different from “others”?

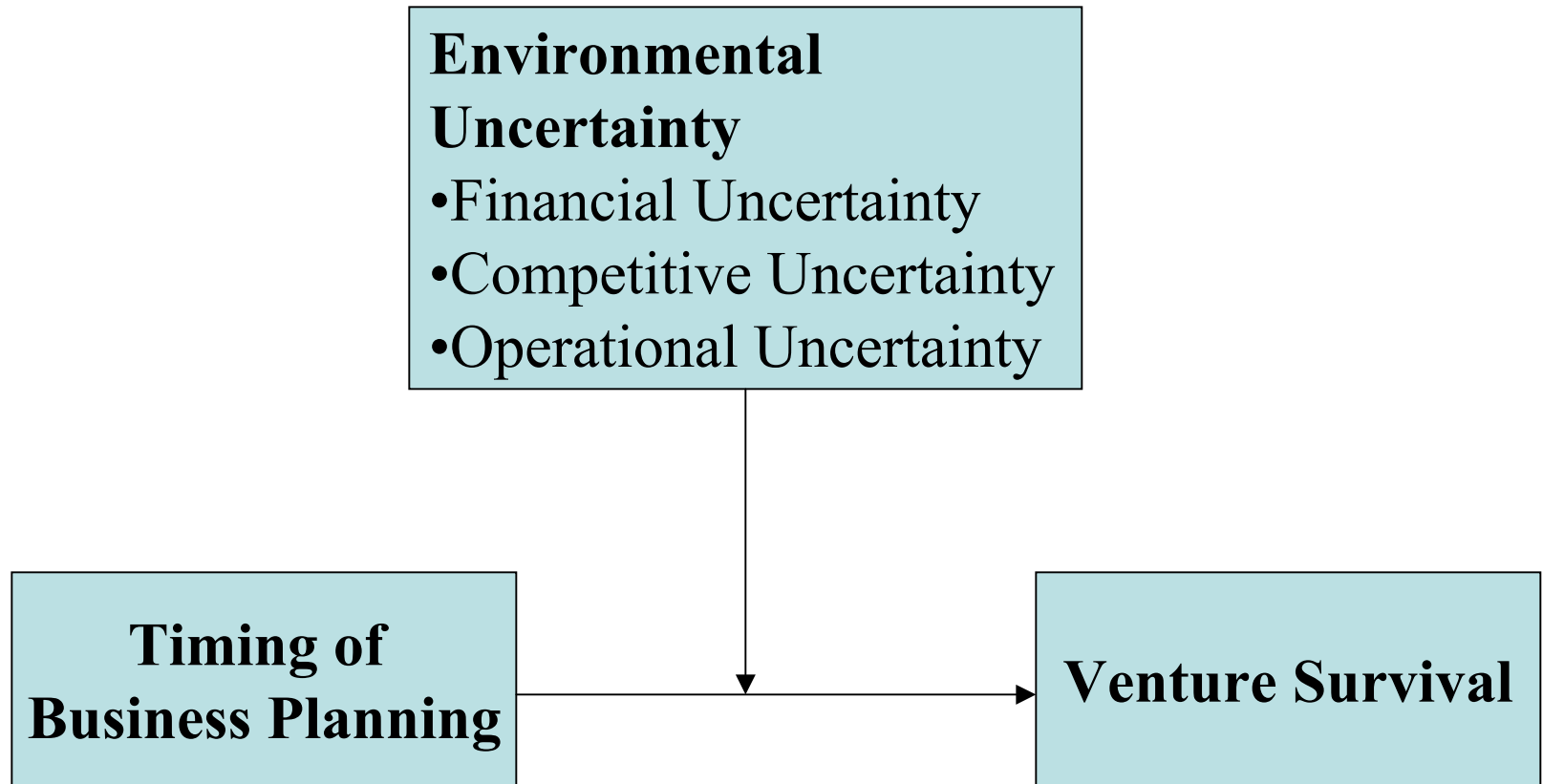
NO

Except: NE's who start businesses: prefer doing things differently, more confident in social settings, prefer challenging task focused problems – from Reynolds, P. (in press) *New Firm Creation in the US: A PSED1 Overview*.

Why are some nascent entrepreneurs successful at starting businesses while other NEs are not?

Jon Liao and William B. Gartner (2006). “The effects of pre-venture plan timing and perceived environmental uncertainty on the persistence of emerging firms.” Small Business Economics. 27 (1): 23-40.

Theoretical Framework and Hypothesis Development



Does Planning Matter?

- Should nascent entrepreneurs plan, at all?
- Should nascent entrepreneurs engage in planning before they act, or should they act and then plan?
- How does environmental uncertainty moderate the relationship between timing of planning and venture survival?

Planning Matters

Nascent entrepreneurs who engaged in business planning were 2.5 times more likely to start a business

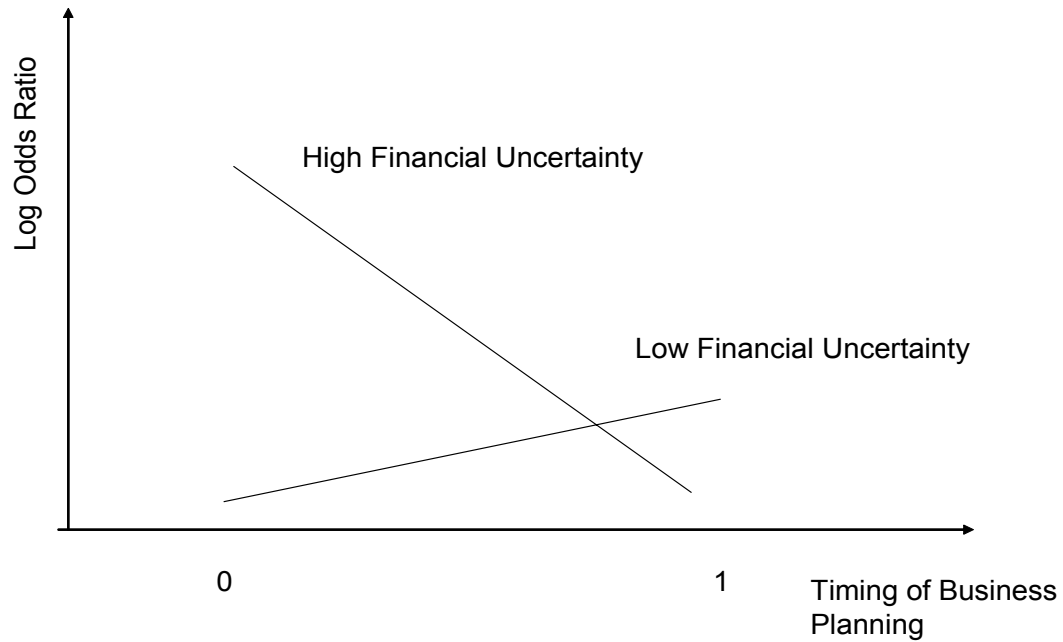
Uncertainty

Financial Uncertainty - perceptions of the likelihood of obtaining start-up resources

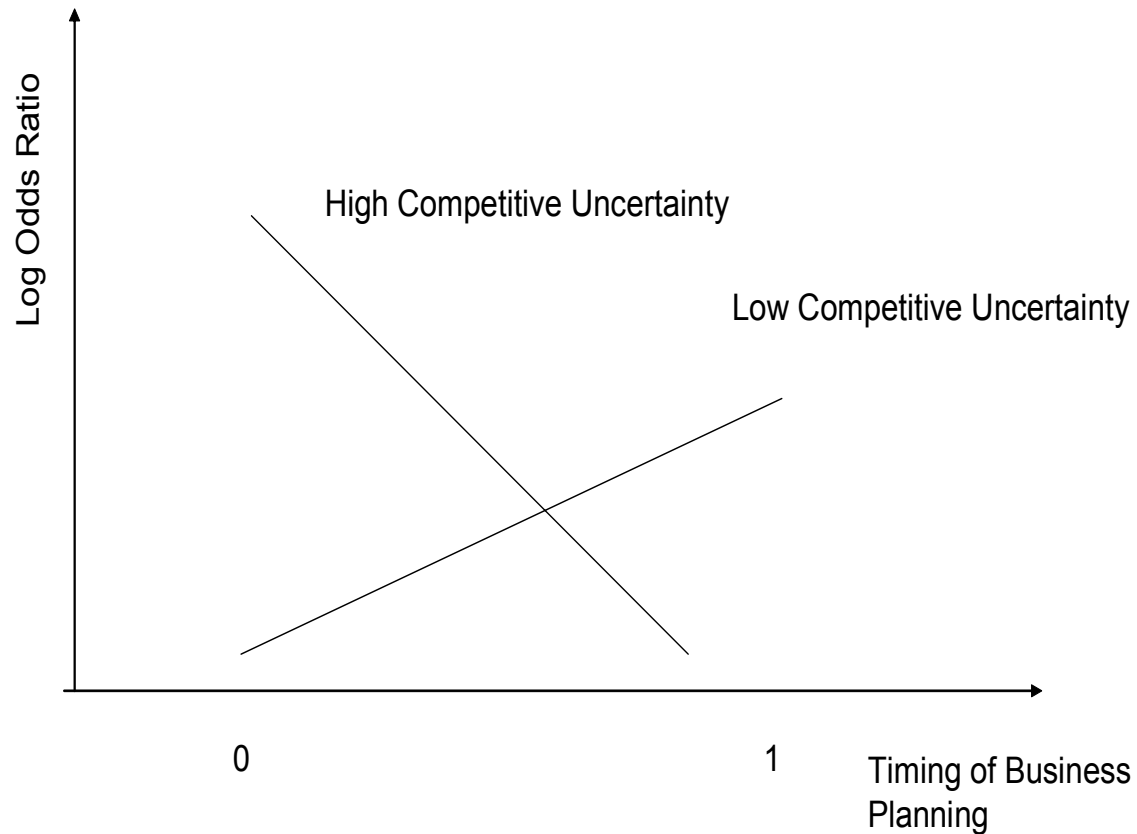
Competitive Uncertainty – does the NE know the “rules of the game”

Operational Uncertainty – can the NE achieve efficiencies in the emerging firm’s operations?

High Financial Uncertainty Plan Early



High Competitive Uncertainty Plan Early



Planning

- Do a business plan
- If you are uncertain about what you are doing (don't have the resources, don't know the "rules of the game,") then do a business plan first
- If you know what you are doing (certain of your resources and know the "rules of the game,") then **ACT**, but still create a plan

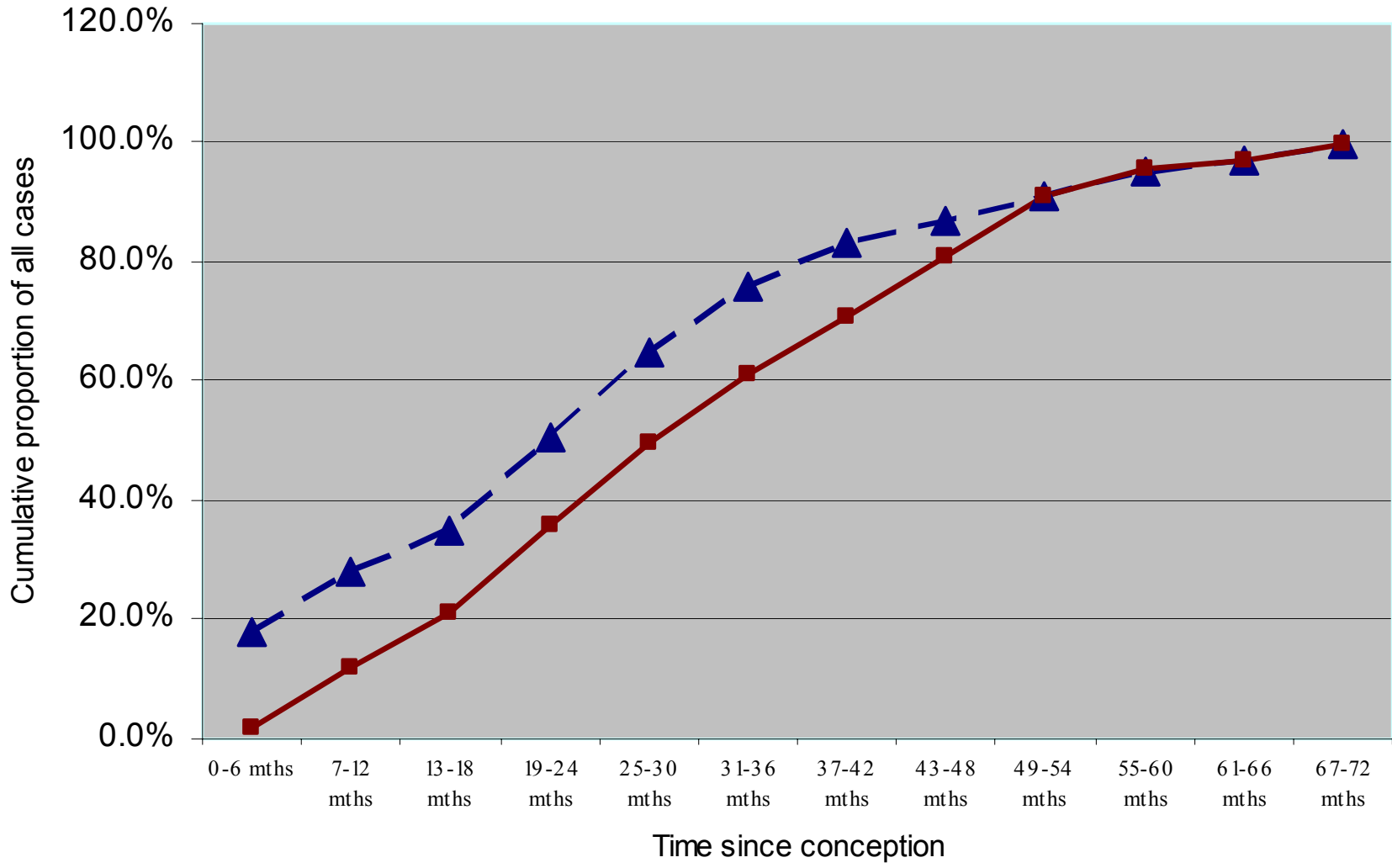
Action/Behaviors

Carter, Nancy M., Gartner, William B. and Paul D. Reynolds (1996). "Exploring Start-Up Event Sequences." Journal of Business Venturing. 11 (3): 151-166.

Reynolds, P. (in press) *New Firm Creation in the US: A PSED1 Overview*.

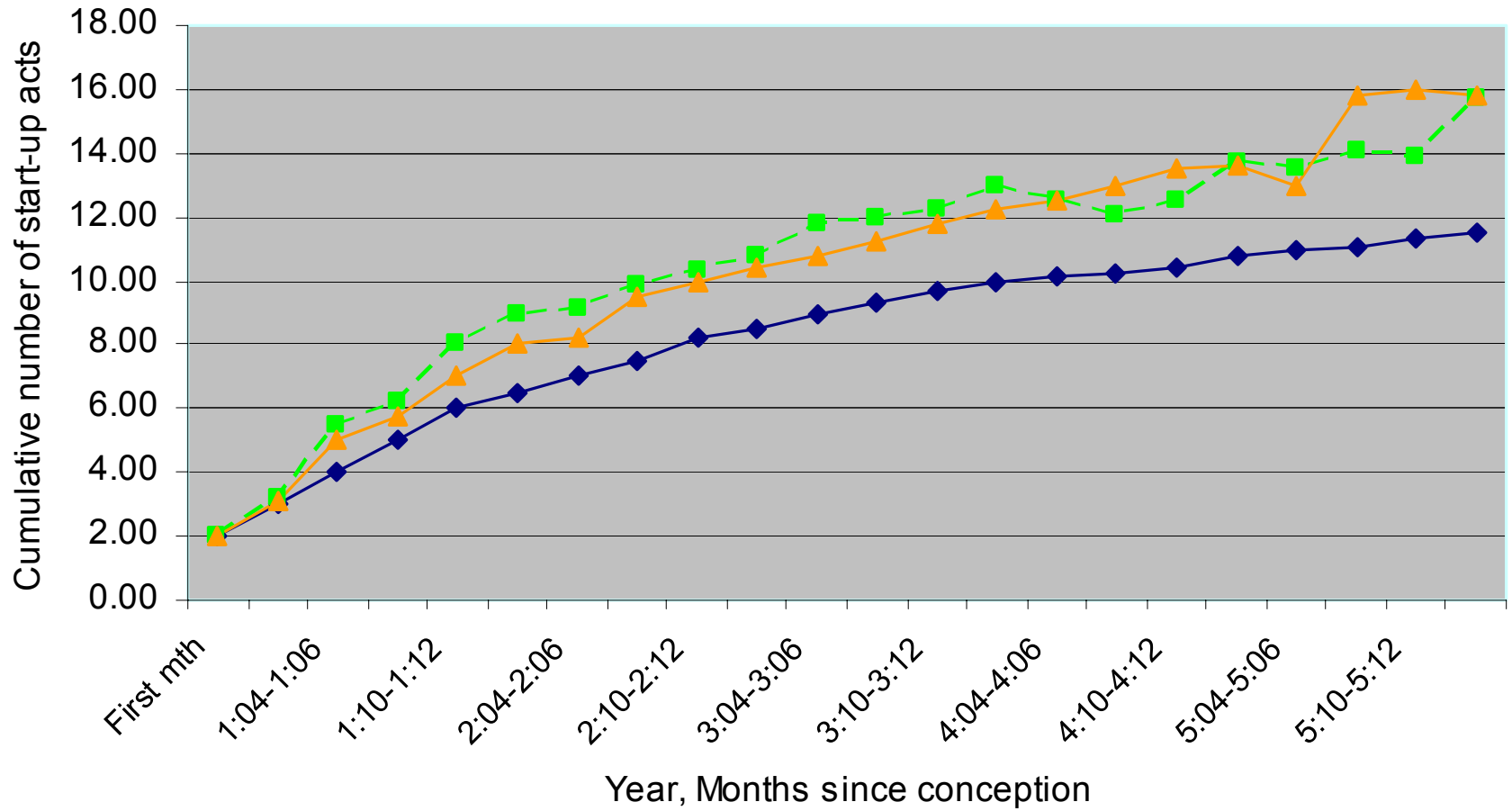
Time from conception to new firm disengagement

—▲— New Firm —■— Disengage



Cumulative Start-up Activities by 6 Year Outcome

Still Active Going Business Quit



Actions/Behaviors

1/3 get into business

1/3 abandon their efforts

1/3 are “still trying”

Actions/Behaviors

On average, it takes about 18 to 24 months to get into business.

On average, it takes about 24 to 30 months to abandon a startup effort

On average, for the first two years, failures look like successes.

Actions/Behaviors

Dabblers

The “still trying” don’t do enough to either start a business or abandon their effort.

Summary

Able: Entrepreneurship is about knowledge and skills (education – and did I mention industry experience?)

Willing: Entrepreneurs look like everyone else, except they are happier

People are willing if they are able... train!

Summary

Entrepreneurs are: “Dreamers that do.”

Take action

Take thoughtful action: plan

Take enough action so that you know it will either succeed or fail (you should know this in about 2 years)

Only about 1/3 succeed. So....

Success

going from failure to failure
with enthusiasm...

Success

because the odds are never in your favor
unless you try.

fail *forward*