



Entrepreneurship and Job Creation

Leveraging the Relationship

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By Sangeeta Badal, Ph.D.

Entrepreneurial activity drives economic growth and job creation (Baumol, 1996; Mair & Marti, 2009; Schumpeter, 1934). Over the past few decades, national and subnational governments worldwide have increasingly focused on engaging more people in market activities with an assumption that markets play a critical role in attaining sustained increases in living standards (Mair & Marti; Van Stel & Storey, 2002). A growing degree of uncertainty in the world economy — evidenced by rising unemployment levels, stalled rate of job creation, and muted economic recovery — has renewed the focus on entrepreneurial activity as a means to generate economic growth. Consequently, policymakers are paying considerable attention to the specific role of start-ups and high investment in research and development (R&D) as possible job creation strategies (Acs & Armington, 2006; Fritsch, 2004; Schramm, 2009; Van Stel & Storey).

Start-ups in the United States create 39.75% of new jobs annually, adding 6.54 jobs per new establishment on average (Spletzer, 2000). However, 40% of these firms shut down within the first three years, leading to job destruction and a high cost to the workers (Spletzer). These estimates are broadly similar to other estimates in the literature. For instance, new data released by the U.S. Census Bureau's Business Dynamics Statistics (BDS) reiterate that firms aged one to five years old generate approximately 43% of new jobs. Unfortunately, many of these young firms experience employment loss due to establishment exit (nearly 20% job destruction) in their first year (Haltiwanger, Jarmin, & Miranda, 2009). The high exit rate of young firms suggests they need additional support in the early years of their foundation (Global Entrepreneurship Monitor, 2005; Stangler & Litan, 2009).

In addition to increasing the number of start-ups, experts expect high investment in R&D to accelerate innovation and knowledge creation and ultimately boost job creation. This approach, although necessary, is not sufficient to create sustained economic growth. Minniti and Lévesque (2008) found that countries with high investments in R&D but weak commercialization of the new knowledge do not show strong economic growth. Such growth requires researchers who produce inventions *and* entrepreneurs who drive the process of selecting innovations generated through R&D and commercializing the new knowledge (Audretsch, Bönte, & Keilbach, 2008; Michelacci, 2003). The process of commercializing innovations by entrepreneurs generates positive regional spillovers of knowledge, which eventually lead to endogenous or organic growth of the economy (Michelacci). In this sense, entrepreneurs are the catalyst for growth (Holcombe, 2003).

In an effort to cultivate entrepreneurial activity, support programs and “business incubators” have emerged globally to expand the number of start-ups and derive maximum return on R&D investment. Support programs aim to augment the number and quality of start-ups, whereas business incubators strive to bridge the gap between innovation and commercialization. Most governments consider these programs a good investment. For instance, in 2009, the U.S. House Small Business Committee reported that one dollar spent on the Small Business Administration's entrepreneurial development programs brings a return of \$2.87 into the economy. In 2008, these programs helped generate 73,000 new jobs and added \$7.2 billion to the U.S. economy (House Committee on Small Business, February 11, 2009, press release). This speaks volumes to the fact that entrepreneurial development programs, if done well, can be incredibly important to a nation's job creation efforts and economic development.

Most traditional development programs offer technical assistance and/or guidance around business issues such as easier access to capital; propose removal of economic and regulatory hurdles that obstruct the entrepreneurial success of new firms (Schramm, Litan, & Stangler, 2009); or provide skills and management training for business development, banking, finance, accounting, marketing, etc. The House Small Business Committee estimates that firms that take advantage of these development programs are twice as likely to succeed as others that do not use these services (House Committee on Small Business, February 11, 2009, press release). However, most of these programs do not measure and develop the entrepreneurial ability of the individual at the helm of the firm, even though studies indicate that job creation may be more strongly influenced by the human capital of entrepreneurs than by the absolute number of start-ups (Cooper, Woo, & Dunkelberg, 1989; Van Praag & Cramer, 2001; Van Stel & Storey, 2002). For instance, Storey and Strange (1992) found that 2% of new firms created 33% of new jobs annually, indicating the degree of skewness in the distribution of new job creation. Researchers attribute this variation to individual differences in the founders of these firms.

Following this line of research and keeping in mind the shortcomings of the existing approaches, Gallup has developed a framework that captures the multidimensional nature of entrepreneurship. It uses a deep understanding of human motivations, attitudes, and behaviors along with several contextual variables to explain entrepreneurial activity. Gallup's approach focuses on objective measurement and tracking of entrepreneurial activity at a macro (overall country, region, or city) as well as micro (individual entrepreneur) level. On one hand, this allows for an understanding of the impact of individual behavior on aggregate-level economic activity, while on the other hand it allows for an assessment of the impact of broader macro-economic institutions, such as rules, laws, and informal social norms, on an individual's entrepreneurial decision making.

Defining Entrepreneurship and a Framework for Measuring Entrepreneurial Activity

While no universal definition for “entrepreneurship” exists, several entities have promulgated their understanding of this term. The Organisation for Economic Co-operation and Development defines entrepreneurship as human action in pursuit of *new* products, processes, or markets (Ahmad & Hoffman, 2008), while the World Bank describes it as commercial activities in the *formal* sector. Monitor (2009) only focuses on *high-growth* entrepreneurship; the Global Entrepreneurship Monitor (2005) defines it as

creation of a *new* business venture, both formal and informal; and Acs and Szerb (2009), who created the Global Entrepreneurship Index, define it as a dynamic interaction of entrepreneurial *attitudes, activity, and aspiration* that vary across stages of economic development (emphasis added in each definition).

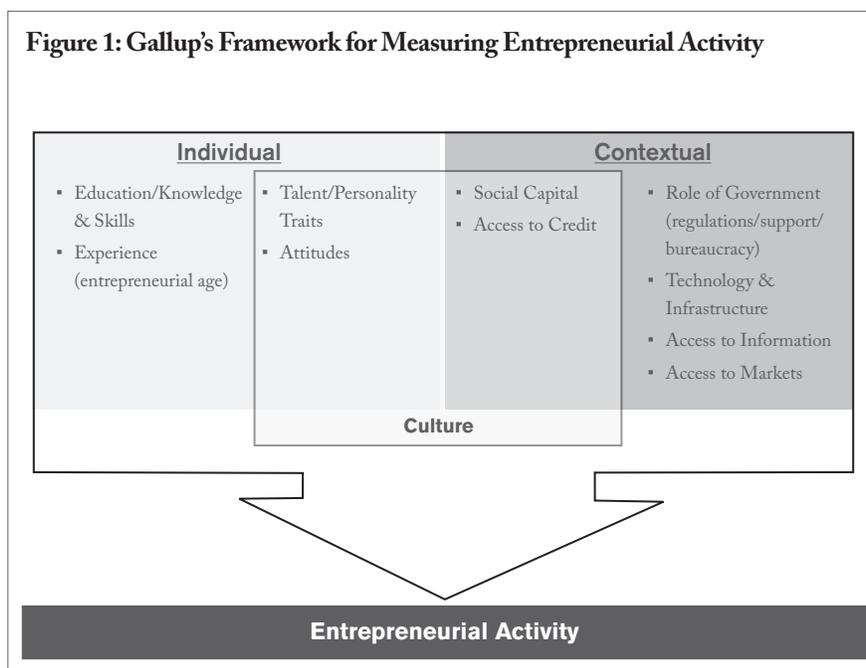
Recognizing the differences in focus and scope of each definition above, Gallup defines “entrepreneurship” as *activity initiated to create value by providing products and services to a market, fulfilling an unsatisfied demand*. The activity can include initiating and developing a new product/service (innovative) or replicating products/services that already exist, thus creating competition (replicative). Gallup’s framework covers businesses in the informal and formal sector. We specifically include replicative products and services because in many developing economies, replicative or imitative

entrepreneurs provide competition and increase product supply, thus generating economic growth (Minniti & Lévesque, 2008).

Gallup defines “entrepreneur” as *an individual who proactively seeks to generate value through expansion of economic activity and who creatively responds to challenges and needs encountered in the process of accomplishing this outcome*. The terms “proactively seeks” and “creatively responds” capture the talent approach to entrepreneurship,

which identifies areas of strength and weakness to assess the entrepreneurial potential of an individual. It clearly distinguishes those who have the entrepreneurial talent to succeed from those who do not.

Taking into account these definitions, using insights from human capital theory, and applying a behavioral economics



lens, Gallup developed a multidimensional framework for measuring entrepreneurial activity, illustrated in Figure 1, which stresses the mutual interplay between individual variables (talent, attitude, experience, skills, and knowledge) and contextual variables (social capital, access to credit, role of government, technology and infrastructure, access to information, and access to markets). This is the only framework that explicitly captures the role of human motivations, perceptions, and behaviors in explaining entrepreneurial decision making. The foundation of this framework includes a more realistic psychological underpinning, making it conducive to the study of entrepreneurial potential and activity.

Identifying the *Entrepreneur* in Entrepreneurship

Human capital theory suggests that higher levels of human capital lead to better performance by the individual in executing relevant tasks (Becker, 1994; Fitzsimmons & Douglas, 2005). In the realm of entrepreneurship, this means that an individual's unique personality characteristics, value orientation, and attitudinal outlook can influence his or her ability to recognize a business opportunity and act to exploit that opportunity in ways that others — those who lack these abilities — cannot. Studies have found that entrepreneurial attitudes toward autonomy, risk, work, and income overshadow other factors such as location in determining the success of a firm (Davidsson & Honig, 2003; Dimov & Shepherd, 2005; Duchesneau & Gartner, 1990; Haber & Reichel, 2007; Lerner & Haber, 2001; Shaw & Williams, 1998).

In addition to the inherent ability to recognize a business opportunity, the decision to pursue business ownership depends on the expected utility from self-employment (Douglas & Shepherd, 2000, 2005; Eisenhauer, 1995). However, incomplete knowledge and different kinds of biases inherent in individual personality or environment can distort the perception of utility, adding to the complexity of understanding the phenomenon of entrepreneurial decision making (Minniti & Nardone, 2007; Schade & Koellinger, 2007; Tversky & Kahneman, 1974). Examples of ways in which individual judgment diverges from rationality include overconfidence, optimism, probability perception, and anchoring or reference point of

the individual (Kahneman, Slovic, & Tversky, 1982; Lévesque & Schade, 2005). Such biases are typical of entrepreneurial behavior because the entrepreneur usually deals with complex situations and makes decisions without complete knowledge of all relevant factors (Casson, 2005; Knight, 1921).

The key questions then are (1) What are the personality characteristics that drive an individual to business creation under great resource scarcity and high uncertainty? (2)

What are the potential mediating processes and situations under which some or all of these characteristics come together in an additive or multiplicative way? (3) How do they affect the decision-making process of the entrepreneur leading to venture creation and success (or failure)? The answers lie in understanding the personality characteristics, value orientation, and biases that can influence an individual's

Figure 2: Early Developmental Stages of a Firm

Time
⌚
→

Entrepreneurial Start-up	Entrepreneurial Stability
Structure <ul style="list-style-type: none"> ▪ Owner-manager ▪ Waged employees <30 	Structure <ul style="list-style-type: none"> ▪ Professionally managed ▪ Waged employees 50+
Characteristics <ul style="list-style-type: none"> ▪ Early innovation and creativity ▪ Niche formation ▪ High mission ▪ Short-term orientation 	Characteristics <ul style="list-style-type: none"> ▪ Innovation slows down ▪ Adaptation ▪ Emphasis shifts to stability and service ▪ Product-function orientation
Style <ul style="list-style-type: none"> ▪ Minimal hierarchy ▪ Autocratic style 	Style <ul style="list-style-type: none"> ▪ Decentralization in decision making ▪ Formal rules/institutionalized procedures ▪ Functional specialization ▪ Team approach
Capital <ul style="list-style-type: none"> ▪ Family/Personal savings 	Capital <ul style="list-style-type: none"> ▪ Bank/Angel/VC/IPO

entrepreneurial decision making and then situating this understanding of human behavior in a cultural context.

Gallup's talent model incorporates constructs that have been studied in entrepreneurship literature and tested empirically, allowing us to address the questions posed above. This model includes five key dimensions, each comprised of several themes: Ego Drive (strong sense of self), Business Thinking (profit orientation), Work Orientation (ability to work long hours), Creative Thinking (ability to take an existing idea or product to the next stage), and Relationship Building (ability to build

relationships to achieve specific goals). Gallup has mapped these themes to specific stages of the business life cycle.

Extant literature shows that the personality characteristics essential to launch a successful start-up differ in many respects from the characteristics required to manage the organization at various subsequent stages of growth (Chandler, 1962; Leontiades, 1980; Scott, 1973; Smith, 1967; Smith & Miner, 1983; Steiner & Miner, 1982). Drawing on this stream of research, Gallup has identified two early developmental stages in the life cycle of an organization: early/new business stage (entrepreneurial start-up) and formalized/structured stage (entrepreneurial stability). (See Figure 2.)

Gallup's approach focuses on early stages of entrepreneurship given the fact that nearly half of new firms go out of business within the first three years (Spletzer, 2000). In view of this, Gallup has identified personality characteristics that are critical during creation of a firm (early stage) such as creativity in taking an idea and turning it into something useful, a strong sense of responsibility, and competence — versus those that facilitate firm expansion and growth (structured stage) such as having a strong sense of self, profit orientation, focus, and the ability to delegate tasks. For instance, an entrepreneur may hamper the growth of his or her company for fear of losing control of the business. Gallup's approach takes into account the belief systems, attitudes, and perceptions of the individual in designing feedback that would enable the entrepreneur to contemplate a shift in style, thus accelerating the growth of the firm.

Gallup's framework explicitly captures the role of human motivations, perceptions, and behaviors in explaining entrepreneurial decision making.

“Born” vs. “Made” Entrepreneurs: Amid debate about whether entrepreneurs are born or made, supporters of the “nature” perspective agree that certain personality characteristics are key aspects of entrepreneurial activity. Individuals who show strong levels of these characteristics are highly interested in new venture creation and are more likely to be successful. The supporters of the “nurture” perspective find the “born” argument deterministic and disadvantageous to a large segment of the population who can be “made” into successful entrepreneurs.

The ecological perspective assumes that the tendency to engage in entrepreneurial activity is explained by learned behavior or situational factors. According to proponents of this perspective, entrepreneurial activity requires varied behaviors that may be hard to relate to a narrow set of personality traits (Aldrich & Wiedenmayer, 1993; Gartner, 1989; Low & MacMillan, 1988). Potential reasons for engaging in entrepreneurial activity forwarded by these scholars are exposure to general business or managerial experience from the environment (Aldrich & Kim, 2007), the acquired knowledge about the industry-specific experience from parents or the environment (Sorenson, 2007), and transfer of social and financial capital from parents to children (Sorenson, 2007). Similarly, Fairlie and Robb (2007) found that having an entrepreneur family member played only a minor role relative to prior work experience in that family member's business.

On the other hand, economists such as Irving Fisher and John Maynard Keynes have stressed the impact of psychological factors on economic behavior as early as the late 1930s (Loewenstein, 1992). Studies cite risk propensity (Arenius & Minniti, 2005; Engle, Mah, & Sadri, 1997; Smith-Hunter, Kapp, & Yonkers, 2003; Stewart & Roth, 2004), creativity (Engle et al.), problem solving and overcoming obstacles (Morris, Avila, & Allen, 1993; Smith-Hunter et al.), achievement orientation (Collins, Hanges, & Locke, 2004; Smith-Hunter et al.), self-efficacy (Arenius & Minniti; Chen, Greene, & Crick,

1998), and high sense of responsibility (Smith-Hunter et al.) as key characteristics of an entrepreneurial personality. Several behavioral economists have identified bounded rationality (Simon, Houghton, & Aquino, 1999), inherent biases in probability perception (Kunreuther, Meyer, Zeckhauser, Slovic, Schwartz, Schade, Luce, Lippman, Krantz, Kahn, & Hogarth, 2002), and self-confidence (Benabou & Tirole, 2003; Dosi & Lovallo, 1997; Hoelzl & Rustichini, 2005) as significant factors in an individual's decision-making process. Some recent studies state that genetic factors increase the probability that people will engage in entrepreneurial activity (Plomin, DeFries, & McClearn, 1990). For instance, studies indicate that the probability of becoming an entrepreneur is two to three times higher among children of business owners than among children of non-business owners (Lentz & Laband, 1990; Dunn & Holtz-Eakin, 2000; Hout & Rosen, 2000). Similarly, in a study of monozygotic (identical) and dizygotic (fraternal) twins, Nicolaou, Shane, Cherkas, Hunkin, and Spector (2008) found that 48% of the variance in tendency to be an entrepreneur is explained by genetic factors, and 52% can be attributed to nonshared environmental factors (environmental effects that are unique to an individual) and measurement error.

Though the debate on the role of nature vs. nurture is far from resolved, Gallup research indicates that individual entrepreneurial ability or talent (a consistent pattern of thought, feeling, or behavior that can be productively applied) determines the likelihood of a person's success in entrepreneurial activity. Gallup research has shown that an individual's talents are prime territory for development and offer the greatest area for potential growth (Clifton & Nelson, 1992). We cannot assume that every individual, armed only with the right training and reinforcement, could be a successful entrepreneur. Success comes more naturally to those who have an inherent talent for the endeavor.

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Clifton and Nelson further maintain that excellence can be achieved only by honing our areas of strength. Trying to succeed in an area in which we have less talent will take much more work and might still result in only average performance. This indicates that once entrepreneurial potential of the individual is identified, systematic and continuous efforts are required to nurture the innate ability and manage around areas of less ability. This nurturing of innate ability yields extraordinary results. It increases the returns on investment in development programs, improves the success rate of business incubators, and enhances the efficacy of coaching and support programs.

Understanding the *Context* in Entrepreneurship

Gallup's framework recognizes that individual psychological qualities and attitudes do not exist in a vacuum. Differences in individual personality characteristics, behaviors, and attitudes are embedded in and influenced by the cultural context in which people perceive opportunities (Busenitz, Gomez, & Spencer, 2000; Lubatkin, Lane, Collin, & Very, 2007). Studies show how culture influences individuals' psychological characteristics, resulting in varying proportions of potential entrepreneurs (Davidsson & Wiklund, 1997). For instance, researchers found that the Japanese culture values loyalty and long tenure to a single organization, which makes it hard for individuals to leave a job and pursue entrepreneurial

activity (Baker, Gedajlovic, & Lubatkin, 2005; Begley & Tan, 2001; Okano, 1994). Similarly, research in India illustrates that cultural values have constrained entrepreneurship (Dana, 2000). By comparison, in the U.S., a culture of breaking tradition and order, seeking constant change and innovation, valuing hard work, and extolling individualism has encouraged entrepreneurial behavior (Ashkanasy, Trevor-Roberts, & Earnshaw, 2002; House, Hanges, Javidan, Dorfman, & Gupta, 2004). Gallup's framework considers culture as a potential moderator in the relationship between psychological qualities and entrepreneurial activity.

Nurturing of innate entrepreneurial ability yields extraordinary results. It increases the returns on investment in development programs and improves the success rate of business incubators.

The framework also recognizes that entrepreneurs are agents acting within social and economic systems — and that entrepreneurs and these social and economic systems co-evolve to create new ventures (Arrow & Debreu, 1954; Baumol, 1993; Giddens, 1991; Schumpeter, 1934). This framework brings together six contextual factors that allow an exploration of the local manifestations of entrepreneurial activity by studying the interaction between cultural values, social and political institutions, and industry characteristics in the local environment. The contextual factors that influence entrepreneurial activity are discussed below.

Social Capital: Extensive literature links social capital to entrepreneurship (Ali, 1995; Dubini & Aldrich, 1991; Elfring & Hulsink, 2003; Minniti, 2004, 2005). In a study

of Chinese family enterprises in Singapore, Lee and Tan (2001) found that in the initial stages of firm growth, there is heavy reliance on family and personal relationships for credit as well as for staff. Gallup findings indicate that “having someone to count on” and “having someone other than a family member one trusts enough to make one’s business partner” are consistent global predictors of entrepreneurial intent and likelihood to start a business. Similarly, Ramachandran and Ramnarayan (1993) found that entrepreneurs who establish networks beyond their immediate family and friends with the wider community and industry are likely to be more successful.

Access to Information: Establishing broad networks is closely linked to access to information. Parker (2008) found that business networks enable entrepreneurs to share information, which leads to increased efficiency and higher rates of survival. Improved access to new information and ideas is critical for survival of the firm. Business and personal networking can be a key strategy for accessing information and gaining entry into the market. For example, Fafchamps (2004) found that in many African nations, information exchange within a closely knit ethnically or religiously homogeneous community facilitates the identification of reliable clients and suppliers in the community. This is helpful in identifying trustworthy commercial partners.

Access to Credit: Having access to credit is one of the most critical factors for new venture creation (Ahmad & Hoffman, 2008; Carney & Gedajlovic, 2002; Claessens, Djankov, Fan, & Lang, 1999; Kristiansen, 2001). Santarelli and Pesciarelli (1990) found that credit availability becomes even more essential in settings where social and cultural barriers to change are high or where factors of production are controlled by a group other than the one the entrepreneur belongs to — for instance, Jews in Europe, Levantines in Latin America, Indians in East Africa, and Chinese in Southeast Asia (Mackie, 1992).

Gallup findings indicate that the perception of easy access to credit is a strong predictor of entrepreneurial intent and business ownership worldwide. This relationship is particularly strong in Africa, where credit availability is critical for small firms that have limited access to bank finance. In the absence of bank finance, access to supplier credit — a cheaper alternative credit given by suppliers — becomes even more important.

Nevertheless, the situation is further complicated as ethnicity explains part of the variation in access to supplier credit. For instance, Fafchamps (2004) found that entrepreneurs of European descent tend to receive higher supplier credit in countries where they constitute a significant minority (for example, in Cameroon, Zambia, or Zimbabwe), while in other countries, their supplier credit does not differ significantly from that of entrepreneurs of African descent. Similarly, entrepreneurs of Asian descent have easier access to credit in Zimbabwe, but less so in Tanzania. Gallup's framework looks at access to credit through the lens of a social and cultural landscape.

Role of Government: This refers to the regulatory framework of a country (taxes, regulations, and confidence in public institutions) that affects entrepreneurial activity. Public policies can either enhance or curtail entrepreneurial activity (Kristiansen, 2001). Gallup findings indicate a significant relationship between satisfaction with public institutions and likelihood of starting a business. On the other hand, the perception of corruption has a dampening impact on intent to start a business.

Technology and Infrastructure: Important determinants of entrepreneurial activity include availability of transportation, telecommunications networks, and reliable energy supplies (Baker et al., 2005). The U.S. Congressional

House Committee on Small Business reported that roads and highways are critical arteries for small businesses in industries like agriculture, manufacturing, and retail. However, congestion on U.S. roads and highways affects profit margins of small businesses negatively and costs the American economy \$87.2 billion annually (House Committee on Small Business, July 16, 2009, press release).

Access to Markets: This refers to competition within the market as well as access to domestic and foreign markets. Barriers to market entry can negatively affect a start-up (Kristiansen, 2001). In ongoing research on micro-enterprises in West Bengal, India, Bharadwaj-Badal, Mukherjee, and Ritter (2010) found that access to markets is one of the biggest problems for small businesses in the region. Most of these businesses have no marketing outlets where they can sell their products on a regular basis. The unavailability of direct marketing channels puts these micro-enterprises at the mercy of unscrupulous middlemen or traders.

In conclusion, individual talent, attitude, skills, and knowledge along with several contextual variables such as social capital, access to credit, role of government, technology and infrastructure, access to information, and access to markets work together to drive entrepreneurial activity. The relative importance of these factors varies according to the stages in the life cycle of an organization and across countries and regions of the world. Gallup's framework also postulates that changes in any one component may lead to changes in others, creating feedback loops. For instance, increase in economic growth (impact) may affect access to credit (determinant), which may lead to more entrepreneurial activity (performance indicator), which in turn leads to higher growth.

The Initiative: *Gallup's Entrepreneur Acceleration System (EAS)*

Based on the framework previously described, Gallup has developed a system that addresses the issue of entrepreneurship from a macro as well as a micro perspective: Gallup's Entrepreneur Acceleration System (EAS).

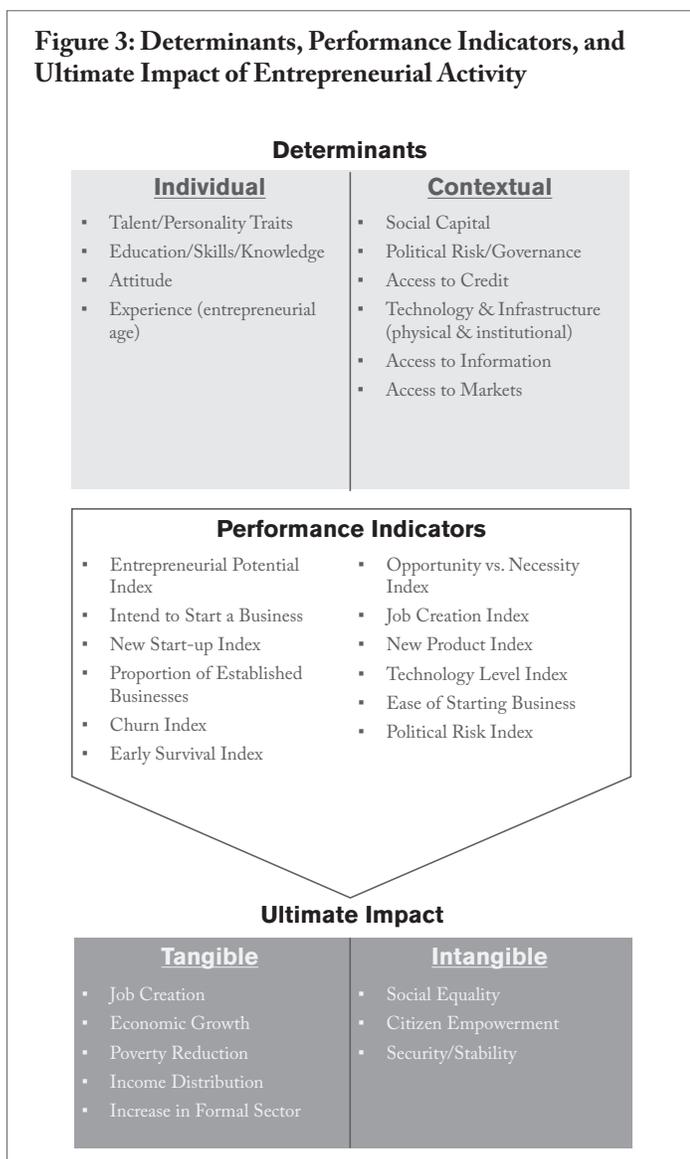
This system is fundamentally a three-step process:

1. **Evaluate Existing Environment:** structured audit of the existing economic environment and current/potential entrepreneurial energy at the city, region, or national level benchmarked against other global geographies.

Using Gallup's ongoing worldwide research, this step begins with an audit of the economic environment as well as entrepreneurial potential and activity in a specific area/region of interest. Through its research, Gallup surveys the wellbeing, behaviors, and attitudes of the world's citizens in more than 150 countries. Gallup uses a set of global and region-specific questions, which measure key indicators such as leadership, law and order, food/shelter, work, economics, health, wellbeing, migration, environment, education, and engaged citizens, and demonstrates their correlations with world development indicators such as GDP and brain gain.

This initiative also includes the Entrepreneurship Index, which is a set of questions that measures global differences in entrepreneurial talent, attitudes, and activity along with respondent perceptions of several contextual variables. This index allows leaders to compare and contrast countries/regions on entrepreneurial potential and activity by identifying areas of strength and weakness within each key component.

Figure 3 illustrates the determinants, performance indicators, and ultimate impact of entrepreneurial activity. While identifying tangible and intangible outcomes, Gallup recognizes the potential difficulties with measuring intangible impact. In this sense, the utility of listing "ultimate impact" is limited. However, it is pertinent to include these factors to help policymakers target specific areas of interest.



- 2. *Assess Local Needs:*** evaluation of specific local needs and requirements via targeted focus groups and/or stakeholder interviews.

This step involves applying the key discoveries from step 1 to assess local needs. Gallup conducts in-depth qualitative interviews with local stakeholders and sector experts to understand the specific needs of the region. Through qualitative review, Gallup assesses industry characteristics, existing support systems for entrepreneurs, trade and commerce chambers, research and teaching institutions, special economic zones, and other enablers of entrepreneurial activity.

This step also identifies structural barriers to entrepreneurial activity in the local environment, allowing for creation of a customized and targeted program that addresses the specific needs of the region/city and that is most aligned with immediate success.

- 3. *Establish Strategic Interventions With Individual Entrepreneurs:*** highly targeted and strategic interventions with individual entrepreneurs or micro, small, and medium-sized enterprises (MSMEs) to accelerate their chances for sustaining success.

After assessing local needs and targeting sectors/segments with the highest potential for entrepreneurial impact, Gallup implements a six-month talent-based development program whereby its mentors work closely with individual entrepreneurs to accelerate their personal development, with the ultimate goal of positively influencing the growth of their ventures. The program begins with the scientific identification of talents required for each stage of the business life cycle and then focuses on strengthening those talents and required team structures through planned interventions.

Next, the program introduces entrepreneurs to core management principles such as the importance of creating engaged workplaces and customers, fundamentals of performance management, and building strengths-based teams and organizations.

Finally, the program focuses on enhancing individual talents by providing a forum for interaction with and learning from external experts and established entrepreneurs. A core component of the program is the knowledge portal, a Web tool that serves as the nerve center for tracking information on program status and key performance indicators (KPIs) of the entrepreneurs and their organizations. It guides the entrepreneur through the entire intervention and captures his or her journey through qualitative and quantitative measurement. Using the portal, the program will continue to engage and track entrepreneurs for up to three years after the intervention, thus providing Gallup researchers and economists with an opportunity to continue the relationships and to encourage intra/inter cohort relationships using the same behavioral economic systems. Over time, the portal will become the repository of vast amounts of data/information on these firms — a critical tool for extensive longitudinal analysis and reporting.

Looking Forward

It is widely agreed that entrepreneurs have a positive impact on the economy. They create employment, contribute to economic growth, and produce and commercialize innovations. In doing so, they influence the growth of cities and regions (Van Praag & Versloot, 2007). Entrepreneurship research has flourished across disciplinary boundaries such as economics, psychology, biology, anthropology, sociology, and management, leading to a paradigm shift in the understanding of the phenomena of economic growth and development. The new theoretical heterodoxy, also labeled the “heterodox mainstream,” based on principles of bounded rationality, role of institutions, cognition, and evolution (Koppl, 2006), has replaced traditional neoclassical orthodoxy. Gallup’s long history of focusing on human motivations, perceptions, and behavior — which explains decision making in the economic arena, work environment, and for individual wellbeing — fits well with this new “heterodox mainstream.”

Just as monetary and fiscal policies of the 1950s were the mainstays for creating employment and growth in the post-war economy, today entrepreneurial policies are emerging as one of the most essential instruments for economic growth in a global and knowledge-based economy (Gilbert, Audretsch, & McDougall, 2004). However, informed thinking on the phenomenon of entrepreneurship must guide knowledgeable policymaking. This informed thinking has to include the role of the entrepreneur in the equation to explain economic growth and real job creation. Using the discoveries from several different initiatives Gallup already offers, such as unique strengths-based organization programs, employee and customer engagement programs, and talent-based individual development programs, Gallup has designed an initiative that assists entrepreneurs in producing and commercializing innovations, growing their enterprises, and creating sustainable employment. In doing so, the program accelerates their success in shaping the growth of cities and regions.

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