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Feature Paper

Locus of Control and Entrepreneurs in a Small Town

This paper was presented by Morris Boydston, Lisa Hopper, both from Rich Mountain Community College, and Alan Wright, from Henderson State University, at the Association for Small Business and Entrepreneurship in San Antonio, Texas, in March 2000.

Why are small businesses so fragile in their early years of operation? This is a question that has long plagued business men and women, economists, and anyone else with an interest in the world's financial and economic development. The success rate of small business start-ups in the first six years of operation is only 38 percent (Timmons 1994). A better understanding of the make-up of the small business owner in terms of personality, temperament, and character may help answer this question. Research indicates that the small business owner or entrepreneur is a person willing to take calculated risks, to be creative, to be independent, to be flexible, etc. In fact, the list of characteristics that is used to describe an entrepreneur is very lengthy (Kuratko and Hodgetts 1998).

This study will determine if a sample of entrepreneurs demonstrates a higher internal locus of control than non-entrepreneurs. Locus of control has been found, in studies conducted in the United States, Australia, and Great Britain, to differentiate entrepreneurs from the general public and middle/ senior managers, as well as to distinguish successful from unsuccessful entrepreneurs (Brockhaus 1980, Cromie and Johns 1983, Gilad 1982). Several studies cited in this paper were performed nationally, regionally, or locally, but in each case in larger metropolitan areas. This study will identify small town rural respondents as entrepreneurial or nonentrepreneurial. While the task of measuring every characteristic attributed to an entrepreneur is beyond the scope of most research, a manageable number was selected for this study. After careful review, a few important characteristics were identified for testing: internal locus of control, confidence, independence, and tolerance to risk. Confidence, independence, and tolerance to risk were chosen because questionnaires and or surveys already existed which provided the opportunity for additional testing to determine if it is more prevalent in entrepreneurs and/or nonentrepreneurs.

To read this entire paper on small town entrepreneurs, visit our Web site at <http://www.sbaer.uca.edu/Research/2000/ASBE/00asbe188.htm>

Tip Of the Week

"External Locus of Control"

The **macro view of entrepreneurship** presents a broad array of factors that relate to success or failure in contemporary entrepreneurial ventures. This array includes external processes that are sometimes beyond the control of the individual entrepreneur, for they exhibit a strong **external locus of control** point of view. Three schools of entrepreneurial thought represent a breakdown of the macro view:

1. *The Environmental School of Thought*--This school of thought deals with the external factors that affect a potential entrepreneur's lifestyle. These can be either positive or negative forces in the molding of entrepreneurial desires. The focus is on institutions, values, and mores that, grouped together, form a sociopolitical environmental framework that strongly influences the development of entrepreneurs. For example, if a middle manager experiences the freedom and support to develop ideas, initiate contracts, or create and institute new methods, the work environment will serve to promote that person's desire to pursue an entrepreneurial career. Another environmental factor that often affects the potential development of entrepreneurs is their social group. The atmosphere of friends and relatives can influence the desire to become an entrepreneur.
2. *The Financial/Capital School of Thought*--This school of thought is based on the capital-seeking process. The search for seed and growth capital is the entire focus of this entrepreneurial emphasis. Certain literature is devoted specifically to this process, whereas other sources tend to treat it as but one segment of the entrepreneurial process. In any case, the venture capital process is vital to an entrepreneur's development. Business-planning guides and texts for entrepreneurs emphasize this phase, and development seminars focusing on the funds application process are offered throughout the country on a continuous basis. This school of thought views the entire entrepreneurial venture from a financial management standpoint.
3. *The Displacement School of Thought*--This school of thought focuses on group phenomena. It holds that the group affects or eliminates certain factors that project the individual into an entrepreneurial venture. As Ronstadt has noted, individuals will not pursue a venture unless they are prevented or displaced from doing other activities.

"Entrepreneurship: A Contemporary Approach," Kuratko, D.F., and Hodgetts, R.M., Harcourt, Inc., 2001, page 35.

Arkansas Competition

Governor's Award for Entrepreneurial Development

The Business Plan competition will be hosted at the Excelsior Hotel, Statehouse Convention Center in Little Rock, Arkansas, on April 12-14, 2001. The Awards Banquet will be held on April 27, 2001. The competition is open to all faculty-sponsored, full-time undergraduate students enrolled in a four year, Arkansas university or college during the academic year 2000-2001. The business plan must be for a seed, start-up or early stage venture and must address the entire business concept (including

implementation). At least one team member must have a key role in the company's management team. Proposals for the buy-out or expansion of an existing company, tax-shelter opportunities, franchise, real estate syndications, and other consulting projects and analyses are not eligible.

Evaluation takes place in two parts. Judges evaluate the written plans a few weeks prior to the competition. Judges again evaluate plans based on the oral presentation by each team (20 minute presentation and 20 minute Q and A). Judges ultimately consider the entire business concept looking at overall feasibility, combined with significant capital gains potential, attractive investment possibilities and actual implementation. Cash prizes of \$30,000, \$20,000, and \$10,000 will be awarded.

Submission Deadline: **March 15, 2001**

For further information on this conference, visit www.sbaer.uca.edu/Docs/bulletins/GAED2001.htm

Call For Papers

Enterprise and Innovation Management Studies

Enterprise and Innovation Management Studies invites submission of papers related to the aims and scope of the journal. Three complete copies of each manuscript should be submitted. They should be typed on one side of the paper, double spaced, with ample margins, and bear the title of the contributions and name(s) or the author(s). Submissions are also accepted on disk. Please contact the editor for system details. Contributions should not normally be more than 6,000 words in length and should be written in the English language. They should also include an abstract of 100-150 words.

For further information on this conference, visit www.tandf.co.uk/journals

Call For Presenters

Joint International Conference

The Community Development Society, Minnesota Rural Partners, and the National Rural Development Partnership invite you to join community development practitioners, researchers, policy makers, and citizen leaders from around the world in a joint international conference to be held in Duluth, Minnesota, USA, from July 22-25, 2001.

This conference embraces common efforts to foster meaningful collaborations, extend community development networks, and integrate community-based research, policy, sustainable communities. Participants will enjoy a valuable opportunity to sharpen their professional skills, discuss critical issues, and interact with colleagues in a beautiful natural setting.

Submission Deadline: **February 1, 2001**

For further information on this conference, visit www.mrs.umn.edu/2001summit and www.comm-

[dev.org](#)

- If you have any comments about the SBANC newsletter or if you know of any upcoming small business event to promote, please contact Richard Armstrong at rea7401@cub.uca.edu
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 - If interested in becoming a member of ASBE, contact Patti Wilber at plwilber@nwsu.edu
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