

WHAT DO ENTREPRENEURS DO?

C. William McConkey, University of Louisiana at Monroe
Larry E. Short, University of Louisiana at Monroe

Abstract

This paper utilized Henry Mintzberg's concept of managerial work to answer the question, "What do entrepreneurs do?" The findings suggest that while entrepreneurs considered all of Mintzberg's ten managerial roles as important, some were more important than others and some had a greater impact on sales growth than others.

Background

Thirty years ago, Henry Mintzberg published *The Nature of Managerial Work* (1973), a landmark study on the activities and roles performed by managers. In this study, Mintzberg attempted to answer the question, "What do managers do?" His findings, which were based upon structured observation of the work of five chief executives, identified ten major working roles performed by managers. Mintzberg used Sarbin and Allen's definition of a role as an organized set of behaviors belonging to an identifiable office or position. (Sarbin and Allen, 1968) Mintzberg assumed that although managers may affect *how* a particular role was performed, they were not at liberty to decide whether or not it was performed. Thus, all managers performed these ten working roles to some extent. Mintzberg's findings appear to be relevant today, since many management textbooks continue to reference these ten major managerial roles. (Bowditch and Buono, 2001; Cohen and Fink, 2001; Dressler, 2002; Gomez-Mejia, Balkin and Cardy, 2005); Ivancevich and Matteson, 2002; Kinicki and Williams, 2003; Robbins, 2001; Robbins and Coulter, 2005; Rue and Byars, 2000; Schermerhorn and Chappell, 2000). The ten managerial roles identified by Mintzberg can be grouped into three broad categories and are shown in Exhibit 1.

Jennings (1994) suggested that entrepreneurship research might benefit by following the path of research of managerial behaviors utilized by Mintzberg. We believe that the issues that Mintzberg articulated regarding managers are the same issues that confront entrepreneurs. Although Jennings went on to suggest that research on entrepreneurial behaviors should be based on structured observations of entrepreneurs similar to the structured observation of chief executives conducted by Mintzberg, we believe a good starting point is to determine the extent that entrepreneurs perform the roles that managers perform. Since entrepreneurs are essentially chief executive officers of their entrepreneurial endeavors, we have assumed that entrepreneurs should also be engaged in similar activities and roles as those performed by managers. Thus, our basic research question is to what extent do entrepreneurs perform these ten managerial roles.

Purpose of Study

This study attempts to assess the relevance of the ten managerial roles identified by Mintzberg to entrepreneurs and to determine if performance of certain roles by entrepreneurs leads to more success than the performance of other roles in terms of sales growth.

Research Methodology

Questionnaire

The questionnaire contained 10 Likert-type questions asking respondents the extent to which they spend time performing the ten managerial roles identified by Mintzberg. Seven possible responses were provided ranging from “no time” to “a lot of time.” In addition to the ten questions on entrepreneurial behaviors, nine questions were asked concerning the business and respondents. These nine demographic questions were asked to determine differences in responses based on business size by number of employees and sales volume, business age, assessment of annual sales growth, degree of ownership, and the respondent’s age, gender, education, and ethnicity. The questionnaire was pre-tested and revised prior to actual use. The questionnaire was e-mailed to the selected sample with a cover letter explaining that a university was conducting the research.

Sample

This study randomly selected 2,000 persons from an e-mail directory of 65,552 persons who identified themselves as entrepreneurs. Of the 2,000 questionnaires distributed by e-mail, 447 were returned with undeliverable addresses. Of the 1553 persons receiving questionnaires, 171 completed and returned the online questionnaire within 14 days. The response rate, based on deliverable e-mails, was 11 %. The questionnaires were e-mailed using an independent email account and a link was provided to the questionnaire’s web page in each e-mail message. In order to allow sufficient time for respondents to return the e-mailed questionnaires, data collection continued for 14 days, although 90% of the responses were received in less than a week. (See Exhibit 2 for an explanation of the use of the Internet as a data collection method.)

Most of the entrepreneurs responding to the study were in small businesses. Over 90 percent of the entrepreneurs employed 50 people or less and almost 70 percent of the respondents (68.4%) reported sales of \$1,000,000 or less. The entrepreneurs responding to the survey were mostly male (61.5% male and 38.5% female), over 30 years of age (10.7% under 30, 54.8% were 31 to 50, and 34.5% over 50), well educated (4.1% high school or less, 15.4% some college, 80.5% college degree or above), and mostly white (85.1% white, 5.4% African American, 5.4%Hispanic, 2.4% Asian, and 1.8% Native American). Almost 80 percent (78.8%) of the companies had majority ownership by the respondent or his/her immediate family.

Findings

Importance of Managerial Roles

Table 1 provides an indication of the relative importance of the managerial roles—identified by Mintzberg—to entrepreneurs in the study. This indication of importance is reflected in the respondents’ perception of the amount of time they spend in performing these managerial roles. A rating of 1 on a seven-point scale indicates that no time was spent in performing a specific managerial role while a rating of 7 indicates a great deal of time was spent in performing the role. The amount of time spent in performing these managerial roles provides an indication of

the importance of these roles. “Unimportant” (i.e., little time spent in performing the role) was defined by ratings of 1 through 3 while “important” (i.e., lots of time spent in performing the role) was defined as ratings of 4 through 7.

All ten managerial roles received a mean rating of at least 4 suggesting that entrepreneurs, overall, considered all ten managerial roles as important. The three lowest rated managerial roles (i.e., Leadership, Figurehead, and Disseminator) were considered unimportant by one-third of the respondents. The three most important managerial roles (i.e., Entrepreneur, Liaison, and Monitor) were considered important by over 80% of the respondents. It is not surprising that entrepreneurial respondents rated the managerial role of Entrepreneur highest, with over 90% percent of the respondents indicating this role as important.

Impact of Managerial Roles on Sales Growth

Entrepreneurs were asked to assess their sales growth over the past couple of years on a 7-point scale with 1 being poor and 7 being excellent. High sales growth was defined as a rating of 4 through 7 while low sales growth was defined as 1 through 3. Of the 164 companies that responded to the question on sales growth, 64% were classified as companies with high sales growth and 36% were classified as companies with low sales growth.

Table 2 shows the comparison of the time spent performing each managerial role by entrepreneurs with high sales growth and by entrepreneurs with low sales growth. Only three of the managerial roles appear to have a statistically significant difference (at the .05 level or better) in regards to sales growth. Entrepreneurs who spend more time performing the managerial roles of Negotiator, Leader, and Figurehead have a higher sales growth than entrepreneurs who spend less time in performing these managerial roles. If you loosen the requirement to a .10 standard of statistical significance, only the managerial role of Spokesman comes close to differentiating between high and low sales growth companies.

Impact of Organizational and Demographic Variables on Managerial Roles

The organizational variables of sales volume, number of employees, and majority ownership appear to have an impact on the performance of certain managerial roles. Entrepreneurs with sales of under \$1,000,000 annually spend more time in performing the Leadership role (at the .027 significance level) and the Spokesman role (at the .02. significance level) than those with sales of over \$1,000,000. Entrepreneurs in firms employing 50 employees or less spend more time performing the Liaison role (at the .046 significance level) than entrepreneurs in firms employing over 50 employees. Entrepreneurs who have majority ownership in their firm spend more time performing the Monitoring role (at the .005 significance level), the Initiator role (at the .003 significance level), and the Resource Allocation role (at the .039 significance level) than those who do not have a majority ownership.

Of the demographic variables of gender, education, age, and ethnicity, only gender has an impact on the performance of managerial roles. As can be seen in Table 3, females spend significantly (at the .05 level or better) more time in performing the managerial roles of Liaison, Monitor, and Figurehead than do males. Interestingly, one of these variables, Figurehead, also impact sales

growth. Thus, females spend more time in performing the Figurehead role, and entrepreneurs that spend more time in performing this role have higher sales growth than those that spend less time in performing these roles. If a significance level of .10 or better is considered, two more managerial roles (i.e., Entrepreneur and Spokesman) differentiate females from males. The Spokesman role is also an important predictor of sales growth. It should be noted, however, that no significant difference is found between the assessment of sales growth and female and male respondents.

Conclusions

This study suggests that the ten managerial roles performed by chief executives that were identified by Mintzberg in 1973 are relevant to entrepreneurs today. Most entrepreneurs spend considerable time performing all of these managerial roles, but two roles stand out as most important to entrepreneurs. The most important appears to be searching the environment for new opportunities and initiating projects to bring about change. Over 90% of the respondents stated they spend a lot of time in the performance of this managerial role, i.e. Entrepreneur. The second most important managerial role is that of maintaining a network of outside contacts who can provide favors and information to the business. Over 88% of the respondents stated they spend a lot of time in the performance of this managerial role, i.e. Liaison.

The most important managerial roles (in terms of time spent in performing these roles), however, were not the most critical roles that lead to business success. Entrepreneurs who spend more time in representing their company in major negotiations with outsiders (i.e., Negotiator); in providing leadership by performing activities involving directing, coordinating and controlling the work of employees (i.e., Leader); and in acting as figurehead of the company performing a variety of public, but routine duties of a legal or social nature (Figurehead) report a higher assessment of sales growth than those entrepreneurs who spend less time performing these managerial roles.

Gender appears to have an interesting impact in this study. The study included a significant number of females, i.e., 65 females and 104 males. The t-test, as shown in Table 3, suggest that the female entrepreneurs are more likely to adopt an informational and interpersonal role over a decisional role. When we investigate the higher sales growth's relationship to the informational and interpersonal roles of entrepreneurs we might generalize that female entrepreneurs grow their firms at a higher rate than their male counterparts. This limited study was not structured to specifically assess the impact of gender on entrepreneurial performance, but its findings would make such an investigation cogent.

Another interesting aspect of this study is the interest and feedback received from the respondents. The feedback was in the form of e-mail messages suggesting additional questions for future studies, giving references of similar works, and providing opinions on how the study could have been improved. In our twenty-plus years of research we have never received this much feedback to our questionnaires. We attribute this communication interchange to the method of data collection. The Internet, via e-mail, was used to distribute the study to the randomly selected sample. The communication with the respondents was a unique and beneficial experience.

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EXHIBIT 1

Mintzberg's Managerial Roles

Interpersonal Roles

- Figurehead: Acts as figurehead of the company performing a variety of public, but routine duties of a legal or social nature
- Leader: Provides leadership by performing activities involving directing, coordinating and controlling the work of employees.
- Liaison: Maintains a network of outside contacts that provide favors and information.

Informational Roles

- Monitor: Gathers information, detects changes, identifies potential opportunities and problems, builds up knowledge, and is informed of important information that must be disseminated within the company.
- Disseminator: Disseminates information within the company by sending external information into the organization and deciding on distributing internal information to appropriate subordinates.
- Spokesman: Transmits information to outsiders on company plans, policies, actions, and results.

Decisional Roles

- Entrepreneur: Searches the environment for new opportunities and initiates projects to bring about change.
- Disturbance Handler: Decides corrective actions needed when the company faces important, often unexpected internal problems.
- Resource Allocator: Decides the allocation of resources in the company.
- Negotiator: Represents the company in major negotiations with outsiders.

Source: Mintzberg, Henry (1973). *The Nature of Managerial Work.*, New York: Harper & Row.
Directions: What entrepreneurs do have a direct effect on the success of their company.

EXHIBIT 2

Internet Collection of Data

The use of the Internet as a data collection method is becoming quite popular. The Internet as a research tool not only provides fast response rates, but also increases access and reduces cost. As Internet use has skyrocketed, growth of Internet surveying has mushroomed. Interaction with web-assisted surveys has become an accepted activity for many people around the world. A recent ESOMAR press release indicates that in the U.S. nearly 20% of survey research was conducted online in 2002 and should grow to 35% within two years (ESOMAR, 2002). A 1999 survey of U.S. marketing research professionals found that two-thirds of the firms had already collected data online, were using it regularly, and had positive attitudes toward Internet research. (S. Gupta, 1999)

A major recent Internet research study (Prophis Research, 2002) sampled 4,000 seasoned research professionals who use and/or conduct research. Among the 400 respondents, the following findings emerged:

- 74% had conducted or used Internet survey methods in the past year.
- Within the group using Internet survey methods, 88% indicated that they were either “extremely” or “somewhat” satisfied with their experiences.
- Fully 70% of respondents expected an increase in the amount of Internet research by their organizations in the coming year, with the mean growth projected at over 40% for the 12-month period.
- Almost one-fourth thought Internet methods tended to replace other existing methods, with mail and telephone being impacted the most.

Internet research is perceived as being able to deliver results more quickly and for less money, target hard-to-reach populations, provide ease of response for participants, and deliver complex and multi-media research designs. On the other hand, Internet research methods suffer from the perceived weaknesses of sample representativeness, sample respondent quality, sample control, and sample diversification (Prophis, 2002).

Since 1995, when Internet surveys started to become widely applied, research documenting the methodological issues has grown. One source cites a list identifying 700 bibliographical entries pertaining to Web survey research and over 50 different commercial Web survey software packages as of 2002. (Lozar Manfreda, Batagelj, and Vehovar, 2002).

However, much is still unknown about use of the Internet for surveying. Whether to use email or “snail “ mail is an important concern for marketing researchers today. Both practitioners and academicians want to know if online interviewing can produce quality results efficiently and inexpensively. The literature base is now developing to help answer this question. As of mid-September, 2002, 174 research citations pertaining to web versus other survey modes existed (Web Survey Methodology, 2002).

TABLE 1
Time Entrepreneurs Spend
Performing Managerial Roles*

<i>Behavior</i>	<i>Mean Response</i>	<i>Standard Deviation**</i>	<i>Importance of Managerial Roles***</i>	
			<i>Unimportant</i>	<i>Important</i>
<i>Entrepreneur</i>	5.49	1.400	8.4	91.6
<i>Liaison</i>	5.38	1.459	11.9	88.1
<i>Monitor</i>	5.21	1.559	16.6	83.4
<i>Spokesman</i>	5.07	1.678	21.9	78.1
<i>Negotiator</i>	4.87	1.750	24.6	75.4
<i>Disturbance Handler</i>	4.78	1.757	23.7	76.3
<i>Resource Allocator</i>	4.69	1.739	27.5	72.5
<i>Leader</i>	4.53	1.951	33.5	66.5
<i>Figurehead</i>	4.28	1.737	37.1	62.9
<i>Disseminator</i>	4.26	1.659	32.0	68.0

* *The managerial roles are those identified by Mintzberg. (1973)*

** *SPSS t-test for equality of means.*

*** *Unimportant defined by ratings of 1-3 and important defined by ratings of 4-7.*

TABLE 2
Comparison of Mean Responses of the Time Entrepreneurs Spend
in Performing Managerial Roles*
by Perception of Sales Growth Over Past Couple of Years**

<i>Behavior</i>	<i>Low Sales Growth</i>	<i>High Sales Growth</i>	<i>Significance***</i>
<i>Entrepreneur</i>	5.34	5.59	.301
<i>Liaison</i>	5.31	5.39	.707
<i>Monitor</i>	5.17	5.26	.730
<i>Spokesman</i>	4.81	5.25	.105
<i>Negotiator</i>	4.41	5.14	.010
<i>Disturbance Handler</i>	4.58	4.89	.276
<i>Resource Allocator</i>	4.54	4.76	.441
<i>Leader</i>	4.02	4.80	.015
<i>Figurehead</i>	3.90	4.50	.032
<i>Disseminator</i>	4.02	4.31	.253

* The managerial roles are those identified by Mintzberg. (1973)

** On a seven point scale, low growth was considered as 1 through 3 and high growth was considered as 4 through 7.

*** SPSS t-test for equality of means.

TABLE 3
***Comparison of Mean Responses of the Time Entrepreneurs Spend
in Performing Managerial Roles* by Gender***

<i>Behavior</i>	<i>Male</i>	<i>Female</i>	<i>Significance**</i>
<i>Entrepreneur</i>	5.34	5.73	.077
<i>Liaison</i>	5.17	5.71	.019
<i>Monitor</i>	4.96	5.62	.005
<i>Spokesman</i>	4.88	5.37	.063
<i>Negotiator</i>	4.86	4.89	.917
<i>Disturbance Handler</i>	4.69	4.92	.408
<i>Resource Allocator</i>	4.54	4.92	.175
<i>Leader</i>	4.59	4.43	.606
<i>Figurehead</i>	4.05	4.62	.041
<i>Disseminator</i>	4.22	4.32	.705

* *The managerial roles are those identified by Mintzberg. (1973)*

** *SPSS t-test for equality of means.*