

The Entrepreneurial Mindset

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The Entrepreneurial Mindset

Introduction

One of the most sought-after career positions is to be your own boss. To wake up every day with only the expectations put forth by your own mind and the challenges being as far as you set, is glorious to the normal population. Entrepreneurship, or the act of developing a business, is the job attempted by many but only succeeded by few. People have searched for years to determine the entrepreneurial mindset and identify the key components to a successful entrepreneur. Through multiple misconceptions, the citizens of the world are left questioning the true nature of entrepreneurship and who is truly capable of this desired position.

Diving into an entrepreneur's mind is significant to understanding their mannerisms for success. It is common knowledge that the ones who take the risk of starting a business possess an entrepreneurial mindset. A mindset is the attitude one obtains about themselves and their ventures (Motion, 2022). As this concept is known, it leaves the question of how does one obtain an entrepreneurial mindset? It has been misconceived that some people are born with entrepreneurial mindsets while others lacking this quality will never reach entrepreneurial status. This is the furthest from the truth as the mind of an entrepreneur is through the way they think and not the qualities from birth (Duening, 2010, p. 5). The attitude of an entrepreneur can be taught and should be continuously practiced.

These opportunity pursuers have a specific thinking pattern that sets them apart from others. As previously mentioned, these set characteristics can be taught and are obtainable by anyone willing to put in the effort. It is important to deep-dive into the mindset and acknowledge

an entrepreneur's drive. To truly gain the knowledge of an entrepreneurial mindset, one must understand the values of an entrepreneur, the abilities they have acquired, and their reaction to challenges faced. Through the successes and failures, an entrepreneur is able to persist.

The Choice

The mind of an entrepreneur is of great value to the world, and the choices these individuals make to gain the title of entrepreneurship is the beginning of the search. The number of entrepreneurs in a specific environment directly depends on the reward or 'pay off' an economy offers. This is Utility theory, when a business environment is favorable toward entrepreneurship, then more individuals are likely to begin their career as such (Douglas, 2020, p. 35). When an individual begins their consideration over entrepreneurship, they often choose this path when it will deliver greater expected utility than would other employment of their time, energy, and other resources (Douglas, 2020, p. 52). Even if it is subconsciously, individuals that value self-serving tend to act in ways that increase their internal sense of well-being or 'psychic satisfaction' (Douglas, 2020, p. 34) . In other words, people who are wanting to manage themselves and not be a subordinate, often will seek out opportunities that will allow them to manage their own career.

Entrepreneurship is known to come along with risks involved. Some people may question why an individual would choose a position where their money, time, and effort is at risk to be destroyed. This accompanies the individual as "less risk-averse individuals would opt for self-employment while risk-averse individuals would opt for employment."(Douglas, 2020, p. 35) It is easily identifiable that entrepreneurs have an easier time minimizing their risks and gambling

their life in an attempt to gain a high reward. These individuals will choose actions to maximize psychic satisfaction even with limited sources of wealth (Douglas, 2020, p. 34).

The greatest recognizable reason behind an individual choosing to be an entrepreneur is through their own measurement of perceived desirability and perceived feasibility. The expected satisfaction of an action and the potential reward produced is perceived desirability (Douglas, 2020, p. 36). This can be applied to entrepreneurship as these individuals desire to be self-employed. Entrepreneurs also hold the knowledge to measure perceived desirability within the business they may create. Perceived feasibility becomes operative when an individual measures their self-determination (Douglas, 2020, p. 37). When an individual measures their perceived desirability and feasibility and it matches success, an entrepreneur is born.

The Needs

The mind of an entrepreneur begins with the needs these individuals hold that provide the main drive in their business. The selection process in identifying an opportunity to become an entrepreneur is beyond simple calculations (Conger, 2012, p. 88). The motives are beyond profit-seeking but also involve non-monetary, psychic motives (Douglas, 2020, p. 35). In order to understand an entrepreneur it is important to understand their behavior and necessities. “The functional aim for behavior can be understood as need satisfaction.” (Douglas, 2020, p. 37). Therefore, if an entrepreneur’s needs are met, their behavioral aim is also satisfied.

The first necessity is known as the need for autonomy. This means an individual strives for control over their own behavior. Entrepreneurship is known as the “greater decision-making autonomy,” as it allows individuals to be self-employed (Douglas, 2020, p. 37). An entrepreneur often has this need in relation to disliking restraints and being controlled. The need for autonomy

is easily satisfied through becoming an entrepreneur as the individual remains in control of their everyday duties.

The second necessity is the need for competence. Humans gravitate towards activities at which they expect to do well (Douglas, 2020, p. 38). When an individual is confident in their abilities of running a business, they feel the necessity to portray themselves to the world. Entrepreneurship gives individuals the platform to choose among opportunities that will portray their skills to the highest magnitude.

The need for relatedness is also a factor within the necessities of an entrepreneur. This need varies within the individuals but most entrepreneurs thrive on interacting socially with many different levels of people (Douglas, 2020, p. 39). When a person is given the opportunity to be the superior of a company, they are able to interact with investors, employees, and customers. Entrepreneurs often thrive on forming relationships within all parts of the company.

Finally, the situational needs is the last factor in the four necessities of an entrepreneur. These needs are the ones that arise at different levels and different times. The context changes when these needs are experienced. For example, one of the first situational needs in an entrepreneur is likely income in order to afford the company's needs (Douglas, 2020, p. 39).

The perceived desirability of an entrepreneur depends on the total psych satisfaction on completing the needs assessment of these four factors. It is a summation of all and not the ability to complete an individual factor.

The Tasks

Now that the needs assessment has been established over an entrepreneurial mindset, it is significant to also identify the tasks at hand for this position. These are the mental tasks that an

entrepreneur should be able to exhibit with ease. With these tasks comes immense practice and constant revising as these tasks are only obtainable through work.

As an entrepreneur begins their career, the task of opportunity recognition immediately becomes important. The first phase of being an entrepreneur is either forming a general sense of wanting this position or finding a specific opportunity they want to flourish on (Douglas, 2020, p. 43). No matter the reason, an entrepreneur's main task is to identify opportunities within the market, and after they create their own business to maximize profit. For individuals that want to become entrepreneurs in the future, understanding opportunity recognition is the place to start.

The next task at hand becomes active right after an individual recognizes an opportunity and this is visibility screening. When an idea arises, entrepreneurs have the visibility to separate the good and bad in all aspects (Douglas, 2020, p. 43). These individuals have to remain level-headed and identify the positive and negative attributes of any idea put forth. This task is also useful when analyzing the morality of the ideas (Douglas, 2020, p. 43). An entrepreneur must consider their own morality limits and identify if the business they want to begin fits within these limits. With great practice comes easy visibility screening as it is crucial to stay neutral while identifying the next potential business.

Problem-solving is the next skill entrepreneurs must have in order to survive in the market. These individuals must be able to switch up their business plan quickly and stay stable to remain afloat (Douglas, 2020, p. 44). Problem solving is a skill that individuals can obtain through many different platforms but the ability to switch paths quickly is difficult.

The final important task is through management and organization. There is more to entrepreneurship than creation and innovation. When an idea is identified, the management of the opportunity is where people often fail (Douglas, 2020, p. 44). Entrepreneurship is not just

about seeking the opportunity, they must follow through with management and organization to fuel it.

The Mind

The mindset of an entrepreneur is a heavily coveted concept. Individuals work hard to unlock the inner workings of an entrepreneur. The reflections of their minds are far beyond something specific individuals are just born with. There are three key aspects to unlocking the mindset: the cognitive, the behavioral, and the emotional aspects (Kuratko, D.F., Fisher, G. & Audretsch, D.B, 2021, p. 1683).

Cognitive

The cognitive aspect within the entrepreneurial mindset is the ability to use in-depth mental models when thinking (Kuratko, D.F., Fisher, G. & Audretsch, D.B, 2021, p. 1683). These individuals understand how to simplify mental models in their minds and connect information that was not linked previously (Kuratko, D.F., Fisher, G. & Audretsch, D.B, 2021, p. 1683). The cognitive mind of an entrepreneur is significant in opportunity identification. The ability to link information through mental models is key to finding opportunity within the market. Cognitive adaptability is also a portion of the cognitive aspect as entrepreneurs must be “dynamic, flexible, and self-regulating” in one’s cognition (Kuratko, D.F., Fisher, G. & Audretsch, D.B, 2021, p. 1683).

Entrepreneurs can recognize the difference in the desirability of pursuing different kinds of opportunities beyond a simple calculation (Conger, 2012, p. 93). The ability to recognize these desirables is through their intense cognition with mental models. They have a designing mind with the ability to design a solution to a customer’s problem (Becker, E., Fishman, E. K., Chu, L.

C., & Rowe, S. P., 2021, p. 11). The design and mental models are vital to becoming a successful entrepreneur. These individuals are in constant “money raising mode” and must be capable of designing a “deal structure that is attractive to investors.” (Becker, E., Fishman, E. K., Chu, L. C., & Rowe, S. P., 2021, p. 12) The only way an entrepreneur can gain profit is through their cognitive attributes of the mind.

Behavioral

The next key attribute to unlocking the entrepreneurial mindset is behavioral. Behavioral pertains to how entrepreneurs engage or act for opportunities that arise (Kuratko, D.F., Fisher, G. & Audretsch, D.B., 2021, p. 1684). Behavioral is where action comes into play, an entrepreneur must identify an opportunity and create a venture (Kuratko, D.F., Fisher, G. & Audretsch, D.B., 2021, p. 1684). In other words, entrepreneurs must locate the opportunity that they have identified through their cognitive mind and act on it using their behavioral mind. An entrepreneurial action is driven by what they know and what their strategy is which leads to an outcome of opportunity (Kuratko, D.F., Fisher, G. & Audretsch, D.B., 2021, p. 1684). These entrepreneurial mindsets develop a pattern recognizing mind that develops over time among seasoned entrepreneurs (Duenning, 2010, p. 11). While using their pattern recognition, individuals can act for opportunities through their behavioral mindset.

Entrepreneurs have a risk managing mind and a misconception that they have to be risk takers. Entrepreneurs have become exceedingly adept risk minimizers as they learn techniques that enable them to bring the risk down to levels that are tolerable (Duenning, 2010, p. 12). This is under the behavioral mindset as risk minimization is through how an individual acts on an opportunity. These individuals learn to live with risk and adapt but also minimize risk through a

multitude of actions beginning with their behavior. The engagement and acts an entrepreneur displays once an opportunity is identified is the true indication of their success.

Emotional

The final attribute within an entrepreneurial mindset is through the emotions. When considering the mindset of these individuals, it is important to identify the emotions that appear throughout the process of being self-employed and how they are dealt with. Surprise, anticipation, and stress are dealt with internally within an entrepreneur but how they mitigate these feelings is revealed through how the business is run (Kuratko, D.F., Fisher, G. & Audretsch, D.B., 2021, p. 1685). The mind constantly deals with emotions, but an entrepreneurial mind is able to identify these emotions and internally deal with them. Stress is a huge factor within this complicated process and an entrepreneur must be prepared to take this emotion directly. They must have the ability to accept a negative emotion, deal with it effectively, and move on to new challenges (Duening, 2010, p. 13). When these individuals are able to face emotions and move on to new challenges they display resilience. A resilient mind is the ability to rebound from failure as an entrepreneur and continue on (Duening, 2010, p. 13). Dealing with emotions is often not considered when evaluating the entrepreneurial mindset but is significant to the mindset as a whole.

The entrepreneurial mindset takes immense discipline and effort to master. These mental habits include cognitive rules that enable the management of risk and risk perception, the rapid vetting of rent seeking opportunities and the ability to manage ambiguity and failure (Duening, 2010, p. 5). This mindset may seem optimal but there are bad attributes that can appear when practicing under this attitude.

The Bad

When a person takes the leap to become self-employed and learn the mindset of an entrepreneur, the possibility of acquiring bad attributes arises. With the constant uncertainty of the job market, people will obtain bad qualities that will shield them from the possibility of failing. “It has become common knowledge that entrepreneurship as a lifestyle will occasionally fail.” (Duening, 2010, p. 13) Through this level of ambivalence, individuals with this mindset often have characteristics and bad emotions that occur. To push themselves to continue, entrepreneurs are “notoriously overconfident.” (Douglas, 2020, p. 49) With this exhibit of excessive optimism and confidence, their financial predictions often inflate (Douglas, 2020, p. 49). This mindset may elevate confidence and lessen the ability to make clear predictions for the business.

There are three key emotions that every entrepreneur experiences negatively. These have potential to reflect within their business and endeavors and must be dealt with correctly. The first one is experiencing risk. Although it has been previously mentioned that risk is inevitable, it must be minimized. Risk is not only reflected within the business of an entrepreneur but also can be seen in financial, family, social, and psychic ways (Kuratko, D.F., Fisher, G. & Audretsch, D.B., 2021, p. 1685). This profession is taboo to some and it may be risking relationships to pursue a business opportunity. The second emotion that is prevalent in entrepreneurs is stress. Although inevitable, when an individual’s work demands and expectations exceed their abilities to perform successfully, this emotion becomes fatal to an entrepreneur's career (Kuratko, D.F., Fisher, G. & Audretsch, D.B., 2021, p. 1685). The last emotional attribute that appears in negative form is through their egos. Entrepreneurs are driven by a strong desire to control. An obsession with control and autonomy may cause entrepreneurs to only work in situations they’ve

created for themselves (Kuratko, D.F., Fisher, G. & Audretsch, D.B., 2021, p. 1685). Although an entrepreneur is autonomous, they may have to work in situations of the investors or customers for their business to succeed. The same individual driven to succeed and demonstrating that success also holds the seed of possible destruction deep inside their ego. All potential entrepreneurs must know that the dark side of an entrepreneurial mindset does exist.

The Lesson

Entrepreneurship has evolved immensely over the years throughout an academic setting. As previously mentioned, the entrepreneurial mindset used to be deemed as qualities given to specific individuals at birth. With education improving, the opportunities to learn and obtain the entrepreneurial mindset is greater than ever. The evolution of learning the entrepreneurial mindset has upgraded through courses being taught, majors being obtained in entrepreneurship, as well as business incubators and accelerator programs being available at large (Becker, E., Fishman, E. K., Chu, L. C., & Rowe, S. P., 2021, p. 765). As the entrepreneurial mindset is now understood, it is important to acknowledge that anyone is capable of obtaining it.

It must be taught that the main driver behind an entrepreneur is through purpose. Purpose is the “miracle catalyst behind all great successes.” (Becker, E., Fishman, E. K., Chu, L. C., & Rowe, S. P., 2021, p. 765) Once an individual can acknowledge a purpose, they are more likely to obtain the attitude of an entrepreneur and be given the push to continue on. Entrepreneurs must move quickly, increase velocity of decision making and the quality of their decisions, or else they will go out of business (Becker, E., Fishman, E. K., Chu, L. C., & Rowe, S. P., 2021, p. 765). These qualities can be taught and increasingly practiced throughout an individual’s life if they put the effort into their work.

There is no personality characteristic that is essential to entrepreneurs that differ from non-entrepreneurs (Douglas, 2020, p. 4). This should be reminded to every individual searching for the lessons of entrepreneurship. An individual develops the entrepreneurial mindset through how much effort they put into learning it. “The true source of innovation and entrepreneurship is an ability and perspective that resides within each one of us.” (Kuratko, D.F., Fisher, G. & Audretsch, D.B., 2021, p. 1681)

The lessons within an entrepreneurial mindset may get difficult, it is important to remain grounded in times of stress and doubt. An experienced entrepreneur, Mike Smerklo, wrote a book upon the entrepreneurial mindset called *Mr. Monkey and Me*, where he speaks upon the hardships of becoming an entrepreneur. Smerklo shares his wisdom upon the SHAPE mindset, used as reference when an individual experiences hardships within the learning process. He shares that ‘S’ stands for Self to remain aware and connected with your true self. Next, ‘H’ stands for Help to know how and when to find support and lean on others. The ‘A’ stands for Authenticity to make decisions based on personal morality. The ‘P’ stands for persistence to keep after this process even if it may seem impossible at some points. Finally, the ‘E’ stands for expectations to set your sights on the correct goals that will maximize success (Smerklo, 2020, p. 33). Remaining aware and steady, the shape mindset will allow future entrepreneurs the path to learning the entrepreneurial mindset.

Conclusion

As the entrepreneurial mindset may be confusing, it is also enthralled by many opportunity seeking individuals. The success behind every entrepreneur is the time and effort they put into their day to day mind. Although there is some ambiguity, the entrepreneurial

mindset is determined to be the root of success for these business founders. This is far beyond characteristics individuals are born with, but a psychological science that can be studied and mastered by any willing participant. Throughout the stress and risk, entrepreneurship is a rewarding profession that will allow individuals to empower themselves. The mindset is to “battle human dysfunction” in organizations and rethink how to do everything (Becker, E., Fishman, E. K., Chu, L. C., & Rowe, S. P., 2021, p. 765). When an individual can master the mindset, they can become a truly flourishing entrepreneur.

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