

The 'myth' of the Australian entrepreneur

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A lot of ideas about entrepreneurs are based on myth, according to new research. Flickr/Thomas Hawk, CC BY

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We are still awaiting the details of the Federal Government's **Entrepreneurs' Infrastructure Program**, and how this may impact the Australian entrepreneurial ecosystem.

While this program is estimated to provide \$484 million of funding, this is only half of what was spent under now-scrapped programs such as Commercialisation Australia, the Innovation Investment Fund and the Industry Innovation Precincts, representing a significant decline in government spending on entrepreneurs and innovation. While many agree that government programs can be improved, the cuts show a lack of understanding of the Australian entrepreneurial ecosystem.

It also places us behind other nations that have put the needs of entrepreneurs at the centre of industry policy, recognising they are a driver of economic growth, prosperity and innovation (for example, as seen by President Obama's Start-up America initiatives). Many agree that the current budget seems to focus more on SMEs rather than high-growth technology companies, or smart specialisation for the nation.

There is a glimmer of hope that the government will finally address the **Employee Share Option Program (ESOP)** in Australia, which is considered a crucial way to incentivise early employees to work in a start-up (and a barrier that all stakeholders have been lobbying to change for many years). Development of crowd-sourced equity platforms are not highlighted, however the issue is currently under review by the Federal Government. Yet overall, this budget points to a broader lack of

understanding of the Australian entrepreneurial ecosystem and also the nature of entrepreneurship and innovation.

In a recent study completed at ATP Innovations, Australia's largest technology incubator, we interviewed many entrepreneurs to understand what entrepreneurial life is like in Australia. We learnt of the difficulties in hiring and retaining key employees in the early stages (with taxation around ESOP the main issue), we listened to mixed views on whether it was necessary to go to the US to secure venture capital funding, to overcome the conservatism of the Australian VC market.

We observed the significant impact that R&D tax concessions can provide - not in determining whether to pursue a technological venture, but in keeping start-ups alive. We noted the value of attracting larger technology firms to locate or operate in Australia (through various industry innovation support programs and incentives) due to the spillover effects for the local ecosystem. So what is it like being an entrepreneur in Australia?

Don't believe the hype

Much of the hype around entrepreneurship today focuses on "hero entrepreneurs" – the stereotypical image of Virgin founder Richard Branson and his extroverted, risk-taking personality. Yet this picture doesn't accurately reflect day-to-day life as an entrepreneur. This research busts the myth that entrepreneurs succeed because of inherent personality traits – because they are born that way. Sure, they may be determined and passionate, but they also follow processes and patterns of developing and testing ideas, building support networks and developing certain communication and business skills.

Becoming an entrepreneur

The entrepreneurs in this project wanted to solve problems and to use their technical expertise to develop creative solutions.

What was their typical career journey? Many of the younger cohort emerged from university, mainly from technical (science and engineering) faculties, to further develop – at first, at least - their own technologies. Most created start-ups later in their careers, after seeing a problem in their industry and identifying a solution but being unable to implement it within an organisation.

The notion that entrepreneurship is a high-risk/high-reward activity was not prominent. Leaving full-time employment for a start-up is risky, but many do so having been successful in their careers and with the security of a strong professional network and a fall-back position. Entrepreneurs are not necessarily risk takers, but they are seemingly more comfortable with uncertainty.

The study's participants were determined, resilient and passionate, as well as being sufficiently open to risk to be able to give up a full-time job. However, they were also aware of the need to acquire stronger marketing, networking and social interaction skills – skills they weren't born with. They needed to learn how to articulate a value proposition, how to understand the needs of the market, how to pitch and sell an idea, and how to persuade investors of the merits of an idea.

More findings of the report are available [here](#) and include discussions of how entrepreneurs measure and communicate success (to each other and to investors). It's not always clear to those on the entrepreneurial journey whether they are moving in the right direction. Determining progress can take a number of forms and is an unstructured process.

We examine the art and science of valuing start-ups (emphasis being on the *art*), the requirements of early stage networking and the structure of entrepreneurial networks (many cultivating what sociologists describe as “weak ties”). We also explore whether entrepreneurs feel entrepreneurship can be taught and whether you need to go to business school.

A better understanding of the realities of entrepreneurial life in Australia will lead to better informed industry policy, and perhaps increased support for an ecosystem that is a key driver of future growth and development for Australia.



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