

## **Entrepreneurship Literacy: the Language of the New Venture**

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*While the demand for and number of academic programs in entrepreneurship education has increased significantly, there is still limited theoretical consensus upon which to build the content of entrepreneurship courses. Since educational research and instruction both depend upon communication, questions attempting to define the language of entrepreneurship take on significant importance to educators in this discipline. The purpose of this paper is to develop a set of terms and concepts in entrepreneurship that university-level students of entrepreneurship should know, comprehend, and be able to apply. Additionally, this paper examines how differences in age, educational level, entrepreneurial experience, and gender, impact the evaluation of specific terms.*

### **INTRODUCTION**

Influenced by the famed educator E.D. Hirsch (1987) and his efforts to define cultural literacy, professors Shank, Adams, and Beasley (2001) rated terms in the sub-discipline of consumer behavior. Hirsch's concern was that communication was hampered by the inability of the majority of Americans to truly understand each other. A similar concern exists in the field of entrepreneurship.

There has been a distinct paradigm shift in the perception of entrepreneurial education, reaching much farther than its neoclassical economic theory roots (Meyer, 2011). According to Timmons and Spinelli, (2008) "America has unleashed the most revolutionary generation the nation has experienced since its founding." Increasingly, this new generation of entrepreneurs has called for an emphasis on academic programs in the field. In February 2010, PBS reported that today there are over 2000 colleges and universities with entrepreneurship classes, programs and initiatives. In 1971, there were only 16 who reported teaching entrepreneurship (Fiet, 2001a).

While the study of entrepreneurship has been increasing in business colleges and among high school students, there has also been an escalating interest among students outside of business schools to learn more about entrepreneurship. In response to student demand, an acknowledgement that the majority of entrepreneurs are in fact not business educated and an awareness that an entrepreneurial mindset can be valuable outside of new venture creation, more universities are providing educational programs for the non-business major (Streeter and Jaquette, Dr, 2004) In his review of the need for international

competitiveness in Europe and the role entrepreneurial behavior plays in that endeavor, Gibb (2002) concluded

...a wide range of stakeholders are being confronted with the need for entrepreneurial behavior, for example, priests, doctors, policemen, pensioners and community workers and indeed potentially everyone in the community (p213).

The increasing interest in and demand for entrepreneurship education has caused some challenges for the discipline. As with any emerging field, it can take time for theory development and content to emerge from theoretical research. Authors such as Ziethaml and Rice (1987), Fiet (2001b,) and others identified the need to tie classroom content to theoretical research. Ronstat (1990), Solomon, Weaver and Fernald (1994) and Kelley and Scott (1991) have discussed the need to separate entrepreneurship content from its roots in the study of small business. Sharma and Christman (1999) Saravathy, (2000) and Jackson, Gaster and Gaulden (2004) and others have grappled with the definition of entrepreneurship and the key elements of an education in entrepreneurship.

We argue that fundamental to questions regarding curriculum development, course content and learning outcomes, is a common language. One of the most valuable products of the Shank et al paper (2001) is a finely gradated list of consumer behavior terms quantified by their importance to university-level classroom instruction.

The present study applies their methods to the field of entrepreneurship, and indeed, we have created a similar list of terms. However, the purpose of this study builds upon that baseline list of terms and examines factors that influence people's outlook upon entrepreneurship. The survey data has been analyzed, and the effect of respondents' demographic profiles and professional experiences is in many cases discernible.

## **METHOD**

### **List of Terms**

Shank's et al (2001) utilized a list of 201 terms taken from indices and glossaries of eight consumer behavior textbooks, as well as terms that appeared in the Dictionary of Marketing Terms. To generate Entrepreneurship terminology, we began with seven entrepreneurship textbooks and a dictionary of business words and phrases. Three of the seven textbooks (Bygrave, Kuratko, and Hisrich) had glossaries, and combined, the glossaries contained 697 terms. Since indices cover a wider range of terms than glossaries, in the remaining four books, only index terms that were already mentioned in the three glossaries were noted. The terms were then cross-referenced between the textbooks, and all terms with more than one reference were included in the list. Supplemental entrepreneurship-oriented terms were added from Barron's Dictionary of Business Terms. To streamline the list, redundant terms within the list were combined, ultimately resulting in 365 terms.

The textbooks used were:

- Bygrave, Willima D., The Portable MBA in Entrepreneurship
- Kuratko, Donald F., Entrepreneurship: A Contemporary Approach
- Hisrich and Peters, Entrepreneurship
- Timmons and Spinelli, New Venture Creation: Entrepreneurship for the 21<sup>st</sup> Century
- Stevenson, Roberts and Grousbeck, New Business Ventures and the Entrepreneur
- Bhide, A. The Origin and Evolution of New Business
- Sahlman, Stevenson, and Roberts, The Entrepreneurial Venture
- Barron's Dictionary of Business Terms

## The Survey

As in the Shank et al (2001) study, the significance of the entrepreneurship terms is quantified using the hierarchical taxonomy of cognitive educational objectives developed by Bloom. Respondents of the survey were asked to rate each term in the list using the following classifications:

<b>Not Necessary:</b>	Knowledge of term is not essential for university-level students of entrepreneurship.
<b>Too Specialized:</b>	Knowledge of term is too specialized for university-level students of entrepreneurship
<b>Knowledge:</b>	University-level students of entrepreneurship should be able to recognize, recall, and/or identify the term.
<b>Comprehension:</b>	University-level students of entrepreneurship should be able to define the term, to interpret its meaning, and/or explain its relevance.
<b>Application:</b>	University-level students of entrepreneurship should be able to use or employ the term in practice, to develop methods or procedures to apply it, and/or to illustrate its use of terminology.

The respondents were also asked basic demographic questions regarding their age, nationality, gender, and questions about their educational background and work experience.

The terms were placed in one of four categories, (with “Not Necessary” combined with “Too Specialized”) based on whether a majority of respondents consider the category of understanding appropriate. The terms are assumed to be hierarchical, in the sense that a respondent who believes students should be able to apply a concept would also believe that students should comprehend or know the concept. For example, if a majority of respondents consider a term to be “Application”, then the term would be placed in the “Application” category, but if 25% of the respondents consider a term to be “Application”, and another 30% consider it to be “Comprehension”, then it would be placed in the “Comprehension” category.

To further grade the appropriate level of understanding for the many terms involved, each category was divided into up to five separate sub-categories, for each the five deciles contained within the category.

An additional benefit of the hierarchical taxonomy is that it lends itself to having numerical values substituted for the categories. This enables simple quantification of overall ratings of terms. The analysis of demographic and experiential factors described in the report used a point system, that counted “Application” as 5 points, and “Not Necessary” as 1.

## The Respondents

The survey, containing the demographic information and the list of all 365 terms in alphabetical order, was distributed to attendees of an academic conference of entrepreneurship educators. As a result of the conference, 25 respondents completed the survey. The same survey was later distributed to graduate students studying entrepreneurship at a Midwestern regional metropolitan university, yielding another 17 respondents, for a total of 42 total respondents.

The demographic profile of the two cohorts differed significantly. The educator cohort was older, held advanced degrees, and had teaching experience, as well as much more work experience of all types. The group was overwhelmingly male, with only 1 female respondent among the 25. The student cohort was much younger, did not hold advanced degrees, had no teaching experience, and little work experience. Nine of the 17 students were female.

## RESULTS

Only two of the 365 terms were considered to be “Unnecessary” or “Too Specialized” by the majority of the respondents. This may be because of the care taken to include relevant terms in the survey, but another likely reason could be “grade inflation”. Indeed, when averaging scores on a point basis, only 26 of the 365 terms averaged a score below 3.0. “Grade inflation” seems especially likely given the large number of respondents who were still undergoing their MBA studies. There may have been a pronounced bias against discounting terms that could prove to be important in graduate school classes not yet taken.

Nevertheless, the methodology of sorting the terms into as many as 20 hierarchical deciles clearly indicates the relative importance of the terms to each other, and the terms were normally distributed with the median occurring in the 60-69% decile of the “Comprehension” category. The complete list of terms is included in this report in the format of Bloom’s hierarchical taxonomy as a set of four tables, and a numerically ranked list of the terms based on average score is included in the appendix.

There was a strong negative correlation between high scoring terms and variance because the skew of the scores constrained variability at the high end. However, some interesting patterns are apparent in looking at outliers. Overall, terms that are extremely general scored highly, but had high variances as well. Examples include “Ideas”, ranked as the 152<sup>nd</sup> most important term, but also having the fifth highest variance. Other terms in this category included “Problem Solving”, “Sales”, and “Vision”, none of which are exclusive to the domain of entrepreneurship.

Conversely, the terms “Bankruptcy”, “Act of Bankruptcy”, “Finance Company”, “Syndicate”, and “Management Buy Out” were considered to be less important, but had low variances.

### Differences Based on Cohort

The two cohorts differed greatly in terms of age, educational level, and work experience. Differences between the outlooks of the two cohorts can best be observed by comparing the top 25 terms selected collectively by each:

**TABLE 1**  
**TOP 25 TERMS AS SELECTED BY THE STUDENT COHORT**

Student Rank	Overall Rank	Term
1	1	<b>BusinessPlan</b>
2	4	<b>BusinessModel</b>
3	53	<b>ProblemSolving</b>
4	26	<b>Brainstorming</b>
5	9	<b>Budgeting</b>
6	2	<b>CompetitiveAdvantage</b>
7	11	<b>Ethics/BusinessEthics</b>
8	5	<b>MarketingStrategy</b>
9	16	<b>Advertising</b>
10	3	<b>CompetitiveAnalysis</b>
11	13	<b>CustomerServiceandSatisfaction</b>
12	72	<b>GoalsettingStrategy</b>
13	19	<b>Market(MarketSize)</b>
14	12	<b>MarketingPlan</b>
15	20	<b>MarketResearch</b>
16	30	<b>MarketSegmentation</b>
17	71	<b>MissionStatement</b>

18	25	<b>BrandEquity/BrandImage/Branding</b>
19	14	<b>BreakEvenPoint</b>
20	6	<b>Competition</b>
21	31	<b>Demand/MarketDemand</b>
22	8	<b>IncomeStatement</b>
23	23	<b>MarketNiche</b>
24	51	<b>Startup</b>
25	36	<b>StartUpProblems</b>

**TABLE 2**  
**TOP 25 TERMS AS SELECTED BY THE EDUCATOR COHORT**

Educator Rank	Overall Rank	Term
1	1	<b>BusinessPlan</b>
2	7	<b>CashFlow</b>
3	2	<b>CompetitiveAdvantage</b>
4	3	<b>CompetitiveAnalysis</b>
5	15	<b>CashflowBudget</b>
6	10	<b>Entrepreneur</b>
7	4	<b>BusinessModel</b>
8	27	<b>CashBudget</b>
9	18	<b>CashFlowStatement</b>
10	6	<b>Competition</b>
11	8	<b>IncomeStatement</b>
12	5	<b>MarketingStrategy</b>
13	17	<b>BalanceSheet</b>
14	29	<b>BootstrapFinancing</b>
15	14	<b>BreakEvenPoint</b>
16	12	<b>MarketingPlan</b>
17	24	<b>ProfitandLossStatement</b>
18	9	<b>Budgeting</b>
19	32	<b>CashFlowFinancing</b>
20	13	<b>CustomerServiceandSatisfaction</b>
21	22	<b>Entrepreneurship</b>
22	11	<b>Ethics/BusinessEthics</b>
23	35	<b>WorkingCapital</b>
24	21	<b>Accounting</b>
25	37	<b>BoardofDirectors</b>

Despite the fact that the highest term for both cohorts was “Business Plan”, there were clear differences. The students tended to value strategic concepts such as problem solving, goal setting, and brainstorming. The academics tended to favor objective skills and formally defined concepts, such as budgeting and cash flow, as well as “Board of Directors” and “Working Capital.”

### Differences Based on Entrepreneurial Experience

Twenty-one of the 25 people represented by the educator cohort reported having entrepreneurial experience. An additional 2 of the 17 students reported having entrepreneurial experience. This begs the question: "How does real-life entrepreneurship experience influence respondents' outlook toward the study of entrepreneurship?" Differences are clear when comparing the top 25 terms ranked by each group.

**TABLE 3**  
**Top 25 TERMS OF ENTREPRENEURS**

<b>Entrepreneurs Ranking</b>	<b>Overall Rank</b>	<b>Term</b>
1	2	Competitive Advantage
2	3	Competitive Analysis
3	6	Competition
4	1	Business Plan
5	10	Entrepreneur
6	7	Cash Flow
7	15	Cashflow Budget
8	18	Cash Flow Statement
9	17	Balance Sheet
10	27	Cash Budget
11	8	Income Statement
12	12	Marketing Plan
13	5	Marketing Strategy
14	35	Working Capital
15	14	Break Even Point
16	4	Business Model
17	13	Customer Service and Satisfaction
18	22	Entrepreneurship
19	19	Market (Market Size)
20	24	Profit and Loss Statement
21	29	Bootstrap Financing
22	32	Cash Flow Financing
23	11	Ethics/Business Ethics
24	23	Market Niche
25	28	Assets

**TABLE 4**  
**TOP 25 TERMS OF NON-ENTREPRENEURS**

<b>Non-Entrepreneurs Rank</b>	<b>Overall Rank</b>	<b>Term</b>
1	1	<b>BusinessPlan</b>
2	4	<b>BusinessModel</b>
3	9	<b>Budgeting</b>
4	2	<b>CompetitiveAdvantage</b>
5	11	<b>Ethics/BusinessEthics</b>
6	5	<b>MarketingStrategy</b>
7	16	<b>Advertising</b>
8	3	<b>CompetitiveAnalysis</b>
9	21	<b>Accounting</b>
10	14	<b>BreakEvenPoint</b>
11	7	<b>CashFlow</b>
12	13	<b>CustomerServiceandSatisfaction</b>
13	34	<b>FinancialPlan</b>
14	8	<b>IncomeStatement</b>
15	12	<b>MarketingPlan</b>
16	20	<b>MarketResearch</b>
17	30	<b>MarketSegmentation</b>
18	51	<b>Startup</b>
19	36	<b>StartUpProblems</b>
20	26	<b>Brainstorming</b>
21	31	<b>Demand/MarketDemand</b>
22	53	<b>ProblemSolving</b>
23	25	<b>BrandEquity/BrandImage/Branding</b>
24	6	<b>Competition</b>
25	10	<b>Entrepreneur</b>

Entrepreneurs placed a clear premium on competition, ranking “Competitive Advantage”, “Competitive Analysis”, and “Competition” terms 1, 2, and 3, even though “Business Plan” had been the #1 term for both cohorts when the entrepreneurs and non-entrepreneurs were combined. For their part, non-entrepreneurs favored general and conceptual terms such as “Business Model” “Ethics”, and “Accounting”. They also ranked the term “Entrepreneur” well below the position the entrepreneurs themselves did.

#### **Differences Based on Gender**

Although women today play an integral role in entrepreneurial venture development (Tsyganova & Shirokova, 2010), the educator cohort was overwhelmingly male. In fact, only one of the 25 members was female. The student cohort, however, was nearly evenly divided along gender lines. Differences in ratings based on gender show little difference between genders for the top ranked items. The terms with great difference in scores between genders are all ranked low overall, and also showed great variance when graded by the two cohorts.

What is particularly interesting is that the term tied for least difference between the two gender groups is “Women-Owned Business.” This is a clear indication that women students do not give the term any more or less import than the male group, which includes virtually all of the academics among the respondents.

**TABLE 5**  
**25 TERMS WITH THE GREATEST GENDER-BASED SCORE DIFFERENCE**

	Term	Avg. Female	Avg. Male	Gender Diff.	Abs. Gender Diff.
1	BusinessownersPolicy	4.4444	3.1613	1.2832	1.2832
2	BurnRate	3.1000	4.2813	-1.1813	1.1813
3	FreeCashFlow	3.2000	4.2188	-1.0188	1.0188
4	PaidInCapital	3.2000	4.1563	-0.9563	0.9563
5	RedHerring	2.2222	3.1613	-0.9391	0.9391
6	AgingofAccountsReceivable	3.2000	4.0645	-0.8645	0.8645
7	ScientificMethod	3.6000	2.7419	0.8581	0.8581
8	ContinuousImprovement	4.5000	3.6563	0.8438	0.8438
9	Arm’sLengthTransaction	3.1000	3.9355	-0.8355	0.8355
10	BridgeLoan	3.1111	3.9375	-0.8264	0.8264
11	Antidiscrimination	4.4000	3.5806	0.8194	0.8194
12	Succession	3.1000	3.9063	-0.8063	0.8063
13	DueDiligence	3.4000	4.1875	-0.7875	0.7875
14	FinancialRatios	3.5000	4.2813	-0.7813	0.7813
15	EquityKicker(orwarrant)	2.7000	3.4688	-0.7688	0.7688
16	GrossRevenue	3.7000	4.4688	-0.7688	0.7688
17	Acceptance	3.4444	2.6786	0.7659	0.7659
18	TotalQualityManagement	4.1000	3.3438	0.7563	0.7563
19	SweatEquity	3.1111	3.8438	-0.7326	0.7326
20	Goodwill	2.9000	3.6250	-0.7250	0.7250
21	ProblemSolving	4.9000	4.1875	0.7125	0.7125
22	ProFormaStatements	3.7000	4.4063	-0.7063	0.7063
23	BlueSkyLaws	2.5556	3.2500	-0.6944	0.6944
24	EntrepreneurialStrategyMatrix	4.4444	3.7500	0.6944	0.6944
25	FinancialControls	3.4000	4.0938	-0.6938	0.6938

**TABLE 6**  
**25 TERMS WITH THE LEAST GENDER-BASED SCORE DIFFERENCE**

	Term	Avg. Female	Avg. Male	Gender Diff.	Abs. Gender Diff.
1	SBI	3.0000	3.0000	0.0000	0.0000
2	Subcontractor	3.5000	3.5000	0.0000	0.0000
3	WomenOwnedBusiness	3.5000	3.5000	0.0000	0.0000
4	Internet	4.1000	4.0968	0.0032	0.0032
5	VentureCapital	4.4000	4.4063	-0.0062	0.0062
6	BillingCycle	3.9000	3.9063	-0.0063	0.0063
7	VentureCapitalProcess	3.9000	3.9063	-0.0063	0.0063
8	FourP'sofMarketing	4.2000	4.1875	0.0125	0.0125
9	AmericanStockExchange	3.5000	3.5161	-0.0161	0.0161
10	FactorApproach	2.8889	2.9063	-0.0174	0.0174
11	IndustryAnalysis	3.8889	3.9063	-0.0174	0.0174
12	CompetitiveAdvantage	4.8000	4.7813	0.0187	0.0187
13	Differentiation	4.3000	4.2813	0.0187	0.0187
14	VentureCapitalMarket	3.8000	3.7813	0.0187	0.0187
15	Advertising	4.6000	4.5806	0.0194	0.0194
16	Leadership	4.4000	4.3750	0.0250	0.0250
17	QuietPeriod	2.7778	2.8065	-0.0287	0.0287
18	Bankruptcy	4.0000	4.0313	-0.0313	0.0313
19	BankruptcyAct	3.5000	3.4688	0.0313	0.0313
20	LimitedPartnership	4.0000	3.9688	0.0313	0.0313
21	PresentValue	4.0000	4.0313	-0.0313	0.0313
22	VentureOpportunitySchoolofThought	3.0000	2.9688	0.0313	0.0313
23	ReverseBrainstorming	3.0000	3.0323	-0.0323	0.0323
24	SBA	3.4000	3.3667	0.0333	0.0333
25	Shareholder	3.9000	3.9355	-0.0355	0.0355

## CONCLUSION

This report attempts to establish a baseline lexicon for entrepreneurship in the form of tables of terms that have been evaluated according to Bloom's hierarchical taxonomy of cognitive educational objectives. Ultimately, this study can be extremely useful to academic departments and instructors. Not only can it be considered a reference for the design of curriculum, but since it examines differences between faculty and student outlooks, it can be used to highlight concepts that may be undervalued by different populations, and highlight differences between entrepreneurship in the classroom and in the real world.

This study moves beyond this baseline and suggests several other hypotheses that warrant further study:

1. Even though there may not be a consensus on the best way to teach them, or even what they are, general conceptual skills such as brainstorming and vision are considered valuable in the study of entrepreneurship.
2. Academics are not conveying the importance of hard-nosed objective skills such as cash flow and budgeting to their students of entrepreneurship.
3. Entrepreneurs with real-world experience clearly value the importance of studying competition more than people who have not been entrepreneurs.

4. Women students of entrepreneurship do not have a significantly different outlook on the field of entrepreneurship than men, even when focusing on gender-specific concepts such as women-owned businesses.

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