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Screening by Industry

Discussion so far has focused on certain universal qualities of entrepreneurship in the economy, that is, on motivations and circumstances of enterprising found in virtually every formally organized field of social and economic activity. This chapter will begin to distinguish among qualities of entrepreneurship found in different parts of the economy by differentiating entrepreneurship according to industry or field of activity, for example, health care, child care, education, the arts, and so on. Chapter 7 will further distinguish enterprising behavior by economic sector—profit making, nonprofit, and public—within industries.

To differentiate entrepreneurship by industry it is necessary to delineate structural characteristics of fields that differentially attract (or repel) the various types of entrepreneurs and then to determine how these characteristics tend to screen *potential* entrepreneurial populations into different parts of the economy, thereby affecting the distribution of entrepreneurial motivations within any given industry. The emphasis on the term *potential* is important. I shall argue that entrepreneurs ultimately active in a given field may not become immediately mobilized, either because they may take time to mature and gain the requisite knowledge or because sectoral conditions (as delineated in chapter 4) are not immediately appropriate or attractive for venture. Nonetheless, the screening process creates pools of latent entrepreneurial talent that differ by industry in their motivational content and hence in their ultimate behavior.

I shall argue that the relevant structural characteristics of industries that screen the populations of potential entrepreneurs include the following.

1. The intrinsic character of the service itself, in particular, whether it is basically a social or a technical service, whether it involves an altruistic objective, and whether it stresses creativity. In brief, this theory will state that entrepreneurs tend to be drawn from academic disciplines associated with particular industries and that those disciplines will tend to attract personnel with motivations appropriate to the service at issue. Hence, to a strong degree, screening by discipline also serves as screening by industry for entrepreneurship.

2. The degree to which the field is dominated or controlled by one or more of the organized professions. This factor will be seen to influence the degree to which entrepreneurship can come from outside the ranks of dominant disciplines or from the ranks

of alternative (coexisting) disciplines.

3. The degree of concentration of the field, that is, the degree of dominance by a few organizations and the ease of entry by new firms or agencies. This factor will be seen to especially influence the career choices of latent entrepreneurs who are concerned with power, independence, and opportunities to pursue individual ideas and beliefs.

4. The social significance or priority attached by society to a given field. This again will be seen to influence the career choices of certain latent entrepreneurs whose interests focus on power and material gain.

The mechanics of entrepreneurial selection among industries may involve three alternative (complementary) processes or trajectories by which individuals enter the latent entrepreneurial pool.

1. Individuals make early choices of disciplinary training and career tracks that logically channel into particular industries. Such individuals pursue their careers in these industries and at some point become mobilized as entrepreneurs. For example, trained social workers enter social-service career ladders in agencies, and some eventually become entrepreneurs. Thus, disciplines attached to fields become a common source of entrepreneurial talent. This is perhaps the most common entrepreneurial trajectory in service industries, but is more heavily followed by professionals, conservers, and believers than other types of entrepreneurs.

2. Individuals make career changes later in life, after having gained various work and educational experiences. Such career shifts are inhibited by intrafield requirements for disciplinary training, but in industries in which these requirements are flexible, such as therapeutic-camping or services to violent or severely handicapped children, the pool of latent entrepreneurial talent will include membership from a variety of loosely related disciplines (education, social work, and psychology). This route tends to be characteristic of the searcher, but is not unusual for other flexible or wide-ranging types, such as artists, power seekers, and income seekers.

3. Individuals make purposeful, managerially oriented choices of generalist disciplines, such as business administration or law, that can provide them with continued flexibility in choice of industry. Alternatively, individuals with other types of disciplinary training or even without much formal training pursue managerial experiences early in their careers in organizations in a variety of industries. Often such trajectories only delay field specialization and a long-term choice of industry. Indeed Thurow observes, for the profit sector, that most entrepreneurial and managerial personnel do tend to become specialized in a given industry:

If we ask why managers with large internal savings do not start subsidiaries in high profit industries rather than reinvesting in their own low profit industries,

we come face to face with the entire structure of restricted competition in the U.S. economy. Barriers to entry are often high, and managers often do not have the specialized knowledge necessary to make profits in another industry. The existence of high profits in the cosmetics industry, for example, does not mean that iron and steel executives could earn high profits there.¹

In some cases, however, the (latent) entrepreneur does manage to maintain his flexibility as a long-term career pattern. Hence in industries such as the nursing-home industry that permit easy entry and reward administrative skill or financial management as important specialties, the pool of potential entrepreneurial talent is expanded to include this group of entrepreneurial generalists (see Vladeck).² This route tends to be more characteristic of power seekers, income seekers, and some architects than of other entrepreneur types.

Given these various career-sorting processes, the character of the resulting pool of potential entrepreneurs available to a given industry will depend on the particular structural characteristics of that industry. These characteristics are discussed below.

Nature of the Service. Services can be characterized as having various degrees of social involvement, technical sophistication, and requirements for creativity. The social services, for example, rank high on the first of these dimensions, as they strongly involve activities directly addressed to helping the less fortunate and improving social conditions. Higher education would score somewhat lower on direct social involvement but higher on technical sophistication, that is, demands for technical excellence, than social service. Health services would rank high on technical sophistication because they require intensive training, scientific discipline, and meticulous operational skills, and they would rank lower than social or educational services in the social-involvement dimension. Scientific research would be generally more demanding of technical sophistication, moderately demanding of creativity, and low in direct social involvement. The arts would obviously stress creativity as well as technical sophistication.

These dimensions of service character affect the screening of latent entrepreneurs primarily through processes 1 and 2 described above by differentially appealing to the principal motivations represented by each of the postulated entrepreneurial stereotypes. For example, latent believers will be drawn to fields involving high levels of social involvement, where causes are clear and easy to articulate and where crusading is an accepted form of behavior. Searchers, who may actively be engaged in process 2 during their entrepreneurial phase, may also find fields of social involvement appealing because they might find relevance and meaning for themselves in the work being done for society or in the direct human relationships entailed by these fields.

Conservers will also be disproportionately drawn to such fields because organizations with cherished traditions of service are more likely to develop in such contexts. Institutions like the settlement house provide examples of this phenomenon.

Fields characterized by high levels of technical sophistication are generally the domain of the professional (although not all fields with high levels of professionalism are technical). These fields favor rational discourse, methodological standards, and scientific patience and scrutiny. Believers may operate in technical fields, espousing strongly held theories and methods, but they need to cloak these beliefs in the form of rationally derived proposals. Many ventures in the medical and psychological service areas illustrate the professional entrepreneurial character in technical disciplines.

Technically sophisticated fields may also be attractive to potential entrepreneurs of the architectural variety. Sophisticated technologies—in engineering, research, or the health fields, for example—can provide participants with the means to create new structures, products, and services. In hospitals, for example, generous reimbursement formulas have financed the development of sophisticated laboratories and treatment units founded on the latest scientific technologies.³ Thus new medical advances or computer-research technologies may become the basis for building up and reorganizing entire organizational structures, for example, specialized-care units in hospitals, management-information systems, and research centers in universities.

Finally, fields that emphasize creativity are more likely to attract the latent artist, especially the poet. Traditionally, artistically trained individuals have been the primary management and entrepreneurial source for museums, theaters, and musical and dance enterprises (consistent with process 1). In museums, for instance, directors are heavily drawn from those with graduate degrees in fine arts.⁴ Only recently has there developed a tendency to consider the need for managerial skills. (For example, see McQuade.)⁵ The same creative, expressionistic urges that underlie performance and achievement in artistic fields are thus likely to motivate and underwrite entrepreneurial enterprise via projects that strike out in original directions and bear messages of philosophic meaning or emotional content.

Professional Control. The degree to which organized professions control employment and maintain fundamental authority and power within a given industry affects the pool of entrepreneurial talent available to that field in three ways. First, disciplinary control tends to institutionalize the nature of the service as described above and to protect it from corruption by extra-disciplinary influences (such as the influences of commercialism or the perspectives of other disciplines). Thus the professions

reemphasize the labeling of services as technical, helping, or creative undertakings. In part, therefore, social work is a helping profession, with its implications for self-sacrifice and public service, by definition of the profession as well as the inherent character of the work. Hence those who would enter without this perspective (via process 1) are discouraged from doing so. Similarly, medicine or law are defined as technical professions, thereby limiting entry of those with other, less rigorous points of view. Nielson observes, for example, that "the AMA battled unrelentingly against the licensing of osteopaths, chiropractors, and optometrists."⁶ Finally, the arts require a creative, expressionistic viewpoint in a vein parallel to the alternative orientations taken by helping and technical professions. Overall, therefore, the result of professional control is to screen even more strongly—believers and conservers into the helping fields, professionals into the technical fields, and artists into the creative fields.

The second effect of professional control of an industry is to limit the processes through which the pool of entrepreneurial talent is formed. Disciplines require unique modes of training that must normally be undertaken at the beginning of a career. Thus process 1 is the most viable mode of entry; career-switch (2) and generalist (3) modes become more unlikely as disciplinary control becomes tighter. The education, legal, and medical fields all provide relatively stringent examples. One result is to substantially reduce the chance that searchers will be part of the entrepreneurial pool or that generalists of any type (that is, those who would enter through scenario 3) can infiltrate a specialized industry.

A third important way in which professional control influences the formation of the latent entrepreneurial pool is through the inculcation of ethical values. The aforementioned altruism of the helping professions, the emphasis on intellectual honesty and technical competence of the technical disciplines, and the elevation of artistic expression by the creative professions, constitute only part of this value structure. Professions also have different values with respect to money-making, achievement of power, and autonomy (solo practice versus teamwork). The helping professions, because of their self-sacrifice ethic, tend to deemphasize wealth and, to a lesser degree, power accumulation, thus discouraging income seekers and power seekers. Technical professions tend to encourage income augmentation as a virtue, signifying societal recognition of their importance, competence, and special skills and investments in advanced training and education, although they will also express disdain for irresponsible money seekers. The creative fields are relatively neutral in these domains, neither recognizing money and power as symbols of status, nor disdaining them as sins, except to discourage power seeking or income seeking at the sacrifice of originality or artistic achievement. Often, however, the emphasis on the intrinsic value of the work leads to a relative deemphasis of material reward. For example, McQuade⁷

and Meyer⁸ both allude to the low pay and economic insecurity of museum directors. According to Meyer:

There are few professions in the United States that offer more modest economic rewards to those holding graduate degrees than does the museum calling. Because museum work is thought to be pleasant, prestigious, and even glamorous, museum professionals are expected to settle for working for relatively low wages.

Similar observations apply to other areas of artistic endeavor.

In practice, of course, industries are controlled by discipline-oriented professions in varying degrees. Although professions do tend to seek exclusive control over particular industries, the degrees of dominance achieved vary considerably from field to field. This variation reflects, in part, the maturity of an industry and its degree of evolution from a wide-open, turbulent field of activity to a more stable industrial regime (see chapter 4).

There are three qualitatively different cases of professional dominance.

1. In some industries, such as health care, certain arts, or higher education, disciplinary control tends to be essentially complete. Significant participation at the staff level and ultimate managerial control in these areas is virtually precluded to those without a medical degree, artistic credentials, or advanced graduate training in an academic discipline.

2. In other fields, such as residential care of children, fragmentation occurs, with different disciplines claiming similar domains of service under different labels. Thus social workers, psychologists, and educators may all be involved in sheltering emotionally disturbed children, with similar services provided under the names of residential school, foster-care agency, and residential-treatment center.

3. In still other fields, such as nursing-home care for the elderly or day care for children, participation and managerial control are much less restricted by discipline and hence are open to people with a wide variety of backgrounds, including those without special training for providing the services of interest.⁹

Clearly, fields of the first variety will confine the entrepreneurial pool heavily to those trained in the discipline (via scenario 1) and hence to those entrepreneurial types encouraged or selected by that discipline. Industries of the second variety will add diversity to the pool by mixing the flows from alternative disciplines. Industries of the third kind will draw on an even wider entrepreneurial pool, with participation from a variety of disciplines, including generalists and field switchers who enter through processes 2 and 3.

In no case does the disciplinary filter work perfectly. First, no industry can be described as a completely closed professional shop. In medicine, mavericks

(osteopaths, chiropractors, optometrists) do manage to operate outside the medical establishment. Within the established boundaries of industries tightly controlled by a single discipline and heavily imbued with a particular work and moral ethic, individuals with motivations that deviate from that ethic will slip through, either because their values can change after they have become educated in the discipline and gained some experience or because they see through the disciplinary screen to a set of opportunities for pursuing alternative motivations. Still, an important sorting of motivations occurs by industry, not only because of inherent service character but also because of the degree of organized disciplinary control.

Industry Structure. Industries vary in the degree to which they are dominated by a few large organizations. In the commercial and industrial sectors, monopolization has long been a key concern of public policy and the focus of antitrust legislation. In industries in which the nonprofit and public sectors participate (perhaps alongside proprietary activity), the concentration of activity also varies significantly, although the issues of competition and collusion are often considered less important, if not irrelevant (see below). Some fields, such as day care, nursing-home care, or residential child care, are characterized by the presence of many relatively small producing organizations, none of which represents a significant proportion of the total activity of the industry within a given community. In other areas, teaching hospitals or opera companies, for example, providers are relatively few, and activity is more concentrated in the hands of a small number of organizations. In general, the presence of scale economies in production helps account for monopolistic or oligopolistic organization in the goods-producing sectors of the economy. In the service sector, where nonprofits are concentrated, such economies tend to be less important. Still, there may be significant variation among service industries in this characteristic, which may help account for some of the variation in the concentration of activity across fields. Moreover, concentration may also reflect the age of an industry, if economic pressures or other considerations have led small, young agencies to merge or consolidate over time. Industry structure thus proxies some of the evolutionary factors that underlie venture activity, discussed in chapter 4.

Related to the question of concentration is the ease of entry into a given industry by new agencies or organizations. Activity concentrated in a few organizations may reflect relatively large capital requirements for operation, which represents a barrier to new entry. Furthermore, concentration is likely to be accompanied by governmental planning controls that attempt to ensure that facilities are efficiently utilized and meet suitable standards. Thus government may restrict the entry of new hospitals, nursing homes, day-care centers, or foster-care agencies to those which meet prespecified

quality, safety, architectural, financial, and administrative standards and can demonstrate need for their services and ensure that they will not simply dilute the enrollments of existing agencies. Comprehensive planning and regulation date back to the mid 1960s in the hospital field and, have recently come into their own in the nursing-home industry. (See Lehman,¹⁰ Vladeck,¹¹ and Dunlop¹² for review of developments in these areas.) Vladeck, for example, documents the relationship between entry regulation and industry concentration. Newer and smaller firms are denied entry (or driven out) by the costs of administrative procedures and capital requirements imposed by regulatory agencies.

A rough correlation between industry structure and the distribution of industrial activity among profit-making, nonprofit, and public sectors is observed here. Within the service fields in which nonprofits participate, economic activity tends to become more concentrated within fewer, larger organizations as one moves from the profit-making, to nonprofit, to governmental form. For example, in 1976, for-profit hospitals averaged 98.3 beds, compared with 195 for nonprofit, 119 for local-government, and 611 for state-government hospitals.¹³ For nursing homes in 1973, Dunlop documents average sizes of 69, 85, and 110 beds for proprietary, nonprofit, and governmental institutions respectively.¹⁴ For elementary schools in 1976, enrollment figures were 422 public versus 218 nonpublic; for secondary schools, 573 public versus 324 nonpublic; and for higher education, 6,317 public versus 1,423 nonpublic.¹⁵

For museums, size measurement is complicated by difficulties in reconciling estimates of full-time, part-time, and volunteer staff with institutional definitions. In terms of operating budgets for 1971-1972, private nonprofits slightly outnumbered public museums in the category under \$100,000, whereas the reverse was true for the \$100,000-\$250,000 category. Equal representation was found in the category over \$250,000. In the special category of museums attached to educational institutions, a sharp differential existed between larger public and smaller private museums.¹⁶ In day care of young children in 1976-1977, the Abt study found that among day-care centers not enrolling publicly subsidized children, the profit centers averaged an enrollment of 43 children, compared with 55 for nonprofit (including governmental).¹⁷ For centers enrolling publicly subsidized children, the figures were 49 versus 51.

Governments tend to locate most of their activity related to a particular function (such as child welfare or health) within a single hierarchical structure or in large divisions of such a structure, for example, in departments of health and major public clinics. In contrast, proprietary services are generally not the focus of a large corporation but are more the domain of the small, independent operator—the doctor, the educator, or the consultant who is in business for himself or with a partner or small company.

Nonprofits, because they often entail community-wide sponsorship, are frequently required by government or other sponsors to meet various standards of administration and service output and, perhaps because they are subject to less stringent antitrust controls than are profit makers,¹⁸ they tend to represent a middle ground—larger and more bureaucratic than proprietaries, but smaller and more fragmented than governmental units. The distinctions among sectors will be elaborated further in the next chapter. At this point, it will suffice to note that industry concentration is correlated with the distribution of industry activity across sectors, increasing as emphasis moves from proprietary, to nonprofit, to government provision. Thus screening of entrepreneurs by industry, because of concentration effects, will tend to occur in tandem with some of the sectoral-screening effects considered in chapter 7.

The effect of industry concentration is simply to make particular industries more or less attractive to particular entrepreneurial characters. Thus when potential entrepreneurs make career choices they are assumed to have some appreciation of the current (and likely future) structure of the industries that they select or reject. Several types of potential entrepreneurs will be influenced by industry concentration and ease of entry.

Independents will prefer industries that are relatively unconcentrated, in which small organizations are common and new entry is relatively easy. The ultimate objective of such an entrepreneur will be to try to establish his own new organization or to gain the helm of an existing agency within a reasonably short period of time.

Searchers may begin their careers in concentrated fields in which they may become overwhelmed or frustrated by large organizations that impose fixed career ladders and burdensome controls on employees. Ultimately, however, they move to industries in which new entry is possible or in which many different agencies exist that may be explored for their career potentials.

Power seekers will prefer concentrated fields that feature large organizations, where opportunities abound for assuming responsibility over large groups of people. Player-type power seekers will prefer larger organizations (and hence more concentrated fields) than controller-type power seekers, because the latter fear loss of effective control as the organization grows. Players, on the other hand, benefit from the grander platforms and greater notoriety provided by bigger organizations.

Conservers will prefer fields of modest concentration that feature organizations large, stable, and mature enough to have established traditions and provide a sense of economic security but that are not so large as to have become impersonal and institutional or mechanical in character.

Professionals will tend to select industries that are moderately to highly concentrated and provide adequate resource bases for pursuit of their disciplinary

endeavors. Professionals may seek to avoid highly concentrated industries, however, if they perceive the large organizations within those fields to be inimical to the flexibility required for professional development. Professionals will also avoid industries that are so fragmented as to offer little promise of resource aggregation sufficient to support state-of-the-art activity and methodological advances.

Artists will select industries that exhibit a moderate to low concentration of activity. The architectural variety of artist will seek organizations large enough to provide a resource base sufficient to support his penchant for building and program development, yet small enough so that new enterprises are both noticeable and identifiable as one's own product. Artists of the poet variety generally desire less concentration than architectural types; they prefer to remain unencumbered by administrative responsibilities and constraints and free to explore a variety of ideas. The poet may thus have stronger feelings about ease of entry than the architect, because he may feel less bound to remain with particular organizations for long periods of time (see chapter 9). Both types of artist enjoy nurturing projects from scratch, but the architect prefers a sector that will ultimately support programs of significant size, whereas the poet is generally more comfortable with smallness and flexibility.

The Income Seeker has no strict preferences regarding the concentration of activity, size of organizations, or entry possibilities in a given field. Unconcentrated fields can present income opportunities through investment in the formation or building up of small enterprises, whereas concentrated fields may present opportunities for internal advancement in large agencies, matched by salary and benefit increases. As Vladeck observes, however, the former scenario often seems more compelling, because money can be made quickly in rapidly growing fields not yet dominated by a few large firms.¹⁹ Having entered a weakly concentrated field, the income seeker will work toward its concentration as a long-term strategy to increase income, or he will leave once his fortune is made and opportunities have diminished.

Social Priority. Through the expression of economic demands and the allocation of resources as well as the more elusive concept of prestige, society tends to attach greater importance and social status to some fields than to others. For example, among industries in which nonprofits typically participate, health and scientific research tend to be elevated (in the United States, at least) and education and social service hold more precarious positions in the public's mind and in the economy. Social priorities will, of course, vary over time, reflecting demographic trends, technological change, cycles of economic prosperity, and other factors that contribute to the ambient conditions

for an industry's development. For theoretical purposes, however, it is assumed that potential entrepreneurs are able to make reasoned, fixed judgments on what these priorities are likely to be for the future.

Accordingly, the relative status of industries is assumed to influence career choices and hence the pools of latent entrepreneurial talent that become available to particular industries. (Sometimes the effect of social priorities on career choice is made quite explicit through public policy, as when the government invests in the training of scientists and engineers as the United States did in the late 1950s and early 1960s, or in physicians, as in the 1960s.)

Differences in social priority among industries will have the strongest effects on two entrepreneurial types—the income seeker and the power seeker. Income seekers will look toward rich or expanding fields as presenting the strongest opportunities for material reward. Power seekers, especially those of the player variety, will see such industries as the locus of where the action is. There they will seek the most notable platforms for achieving fame and influence over the largest and most important sets of people and resources.

Other entrepreneurial types may also be influenced in their career choices by the social status of alternative industries, albeit to lesser degrees. Professionals and artists may see the more prestigious fields as providing stronger resource bases on which to pursue the kinds of intellectual or creative stimulation they value. Alternatively, searchers may see fields of emerging social interest as new, uncrowded, vistas to explore in their efforts to find satisfying careers.

Independents and believers will be relatively indifferent to the social priority attached to alternative industries. The independent essentially seeks autonomy and may even tend to avoid fields that are in the spotlight, preferring environments in which he is more likely to be left alone. The believer is somewhat similar in this respect. Although industries of greater social priority may provide a wide set of opportunities for taking up social causes or sponsoring particular policies, the believer is more likely to attach himself to causes or fields that he feels are underserved and require new attention by society.

Perspective. The discussion in this chapter is based on the idea that pools of latent entrepreneurial talent available for enterprise within particular industries are determined by people's choices of disciplines and careers, usually made early in their working lives. Furthermore, this chapter postulates that such career choices are influenced by aspirants' perceptions of the character of industries associated with their disciplinary training and career paths. Finally, some consistency is assumed between the motivations

of people at the stage of career choice and the motivations that they exhibit when they become entrepreneurs.

These assumptions require some further explanation and elaboration. First, there is usually a significant delay between time of career choice and time of entrepreneurial activity. Thus potential entrepreneurs are assumed to exhibit a certain amount of foresight as to the future character of industries. In particular, except for fields in which the entrepreneurial talent pool is formed significantly through field-switching (2) or generalist (3) modes, the latent entrepreneur is assumed to make reasonable guesses as to the future character of industries, manifested by disciplinary choices.

Second, this chapter has focused on motivations as a prime selection variable for sorting latent entrepreneurial types into alternative careers and industries. Chance and inherent individual talents are also involved in this process. Random deviations are assumed to obtain across industries but not bias the postulated selection processes in any particular direction.

Talent raises more troubling questions. Certainly the screening process that tracks individuals into disciplines hinges heavily on skills (talent) as a prime discriminating factor. Tone-deaf people will not be channeled into musical careers nor will those with limited mathematical abilities be channeled into computer programming. Perhaps more to the point, industries that require certain relatively rare talents will strongly attract those with the requisite potential.

On this basis one might even argue that individuals with high potential for entrepreneurial skills—organizing, salesmanship, leadership and charisma, and a good business sense—would be strongly attracted to commercial areas that positively and explicitly reward and encourage such skills. Williams suggests this situation,²⁰ and Cornuelle observes that:

competitive pressure has developed in the commercial sector a breed of gifted promoters and organizers of commercial action. We need to create such a breed in the independent [nonprofit] sector. They are our scarcest resource.²¹

In relative terms, such claims of entrepreneurial steering toward the commercial sector may be correct. Nonetheless, as illustrated in chapter 3, entrepreneurial talent is found in noticeable quantities in many industries in which entrepreneurship is not a particularly enshrined concept.

Thus substantive individual interests and motivations, perhaps more than innate skills, heavily influence career tracks. Furthermore, there is an obvious, inseparable correlation between what one enjoys and what one is able to do well. Skills and motivations are thus likely to go hand in hand.

This chapter has taken the perspective that the composition of the pool of potential entrepreneurial talent is influenced by processes of career and discipline choice.

It argues further that choice of discipline and career orientation is itself influenced not only by chance and talent, but more by a positive, if not self-conscious, matching of latent entrepreneurial motives to the character of industries to which given types of disciplinary training or early work experience ultimately apply. Four relevant industry characteristics were identified: the nature of the service, that is, its social, technical, or creative orientation; the pattern of professional or disciplinary control over the industry; the size of organizations, degree of industry concentration, and ease of entry; and the social priority attached to the industry as a whole. These characteristics act as indicators or signals used by the various distinct entrepreneurial types to sort themselves among industries.

It is important to recognize that particular industries, for example, hospitals or higher education, must be described as clusters, or packages, of characteristics along these four dimensions. The four unidimensional analyses of sorting by entrepreneurial type must be combined to arrive at specific conclusions about the motivational distribution of entrepreneurship for any particular industry. Furthermore, these clusters exhibit substantial intra-industry variation, arising in good measure from sectoral divisions within industries. Screening by sector is the subject of the next chapter.

Notes

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