

ENTREPRENEURSHIP

Executive Summary

Entrepreneurship has been the ability of any person that helps them to start a new business. In this assignment the characteristics, attributes and key traits of entrepreneurs that help them to execute their business plans successfully to develop a successful business have been evaluated critically. The motivation factors of creating an enterprise have also been discussed here. It has been provided two theories related to the factors such as Action Regulation Theory and Locus of Focus Theory. It has been also discussed about the value and belief differences between for-profit and non-profit organisations.

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Introduction

Entrepreneurship has been defined as the readiness and ability of any person to build a new business. Skills and attributes required to run the new business despite all the risk factors and uncertainty in order to make a profit have been the key traits of an entrepreneur. In this assignment the traits, characteristics, attributes and motivations of the entrepreneurs to lead an organisation will be evaluated. The for-profit and non-profit organisations will be differentiated based on the values and beliefs of the entrepreneurs.

Enterprise and Entrepreneurship's Conceptual Foundation

Joseph Schumpeter has been known as the father of entrepreneurship who has helped to develop a conceptual foundation regarding enterprise and entrepreneurship. As per his theory, entrepreneurship has been associated with innovation and the creation of innovation has helped companies to gain a competitive edge within the marketplace (Cunningham, 2010). Entrepreneurship refers to the ability and willingness to build, organise and expand a business while profit generation has been uncertain. Enterprise refers to the foundation where the organisation has been increasing their business. It can be stated that entrepreneurship is the process through which an enterprise can be established.

Concepts of entrepreneurship and entrepreneur

An entrepreneur is known as a person who is responsible for establishing the enterprise while following the entrepreneurship process. As per the statement of Knudsen *et al.* (2011), Joseph Schumpeter's theory suggests that an entrepreneur is required to have a desire to achieve business while it has been providing innovative services. An entrepreneur has been required to be an innovator instead of being a capitalist or a simple technical man. It can be said that having enough technical knowledge has been required for entrepreneurs to create their enterprises. However, entrepreneurs require more than simple technical execution as organisations have been required to establish themselves as innovative entity that has been willing to resolve customer's problems. As argued by Cunningham (2010), customers have not been willing to associate with enterprises that have been capitalistic and have been always concerned about their financial profit. The achievement of financial profit has been possible when businesses have been able to provide improved services in comparison to their marketplace. It has been required to provide solutions for a customer problem in order to retain its customers for the long run.

Personality Trait Theories' Conceptual Foundation

Action regulation theory

Action regulation theory has been known as a psychological entrepreneurship theory. This theory has been helpful for entrepreneurs to identify their goals and work towards those goals. The individuals have been able to create the required steps for the development of that goal. As stated by Douglas and Prentice (2019), the first step of this process has been to have a strong orientation towards achieving the goal. Entrepreneurs have been required to take action towards the achievement of the process. They need to have a desire for effective fulfilment of the required processes for goal accomplishment. It has been required for entrepreneurs to generate an effective plan that they would be able to follow to achieve their goals. As argued by Hirschi *et al.* (2019), the accomplishment of goals has not been possible for entrepreneurs only with a desire. It has been required to have a clear plan that has helped the entrepreneurs to achieve those goals.

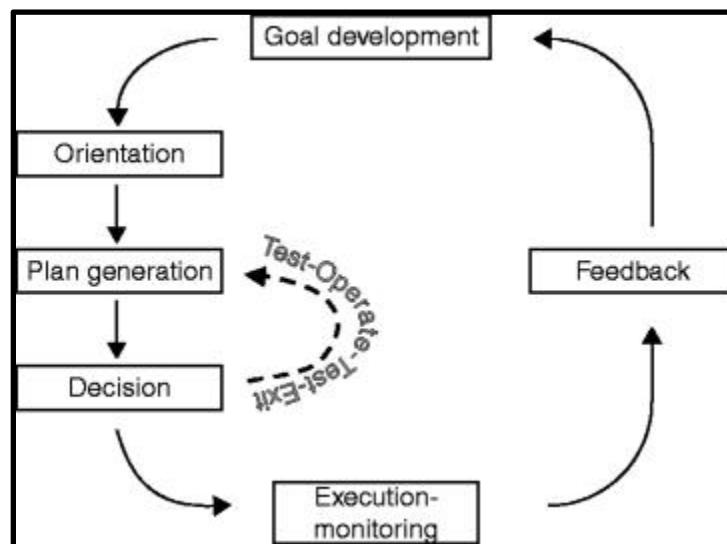


Figure 1: Action Regulation Theory

(Source: Sue *et al.* 2020)

The entrepreneurs have been required to make decisions regarding the multiple plans they have generated. As stated by Wang *et al.* (2019), the decision-making process has been based on multiple test processes. These test processes have been helpful for enterprises to make effective decisions. **Philip Green** has been one of the most influential entrepreneurs in the UK retail sector who has used the action regulation theory for improving his business. However, the execution process of the taken decision needs to be monitored properly. As argued by Su *et al.* (2020), the provision of feedback has only been possible when the monitoring of the work process has

occurred. The provision of feedback has helped the individuals to improve the work process. The individuals have been able to create more realistic goals when they have been able to get appropriate feedback for work improvement (Amorós *et al.* 2021). It can be said that a successful business process has been highly dependent on the trial and error process. However, the provision of feedback has been helpful for the individuals to identify the errors and minimise those errors for making better business goals.

Locus of control theory

This theory has been highly focused on identifying the perception of individuals regarding their life events. As stated by Duan *et al.* (2023), success of individuals has been highly dependent on their perspectives. It has been possible for individuals to have an external locus of control or an internal locus of control. As argued by Douglas *et al.* (2019), individuals with external locus control have been focused on blaming other individuals for the circumstances they have been facing. They are not willing to take control of the situation by improving their situations.

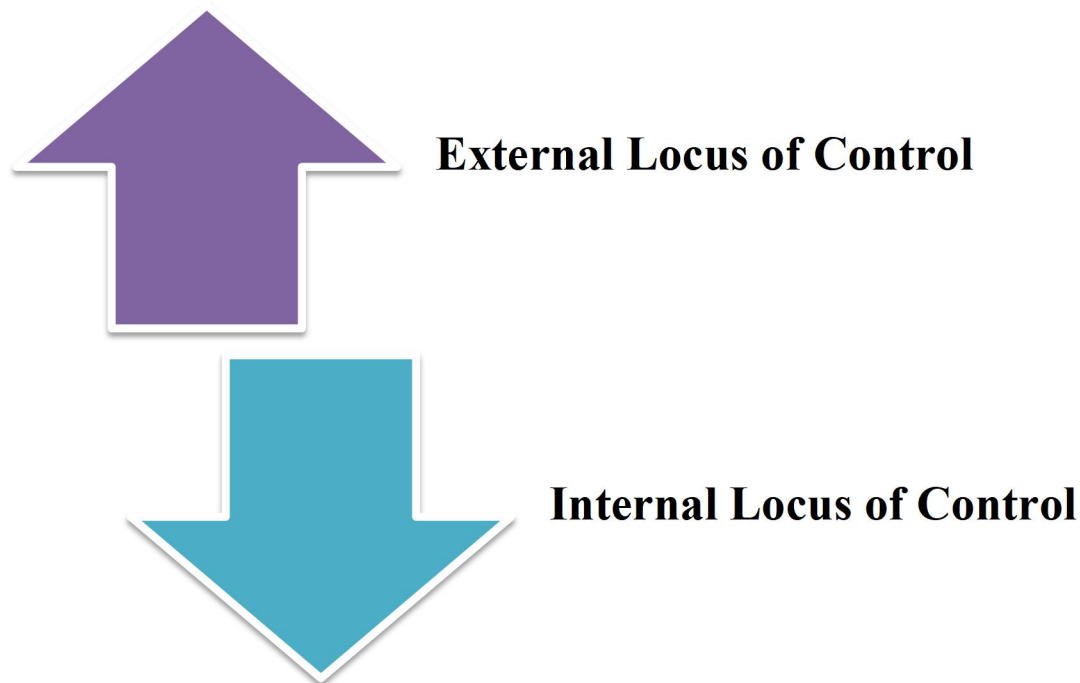


Figure 2: Locus of Control Theory

(Source: Self-created)

The usage of this theory has been highly required within organisations for its improvement. As stated by Wang *et al.* (2019), the improvement of organisations has been dependent on the thinking process of employees. Every employee can have these two types of locus of control

where they have been willing to improve themselves or they have been blaming organisations for their situation. Employees with internal control have been dedicated to improving their skills as they believe their efforts can bring positive changes to their situation. As argued by Khushk and Works (2019), it has majorly occurred since those employees have felt that they do not have the power to change a particular situation when they have not liked that situation. **Simon Cowell** has been able to establish his business in the music industry and generate a net worth of almost \$550 million with the help of internal locus of control. Therefore, entrepreneurs have been able to achieve a higher rate of success when they believed in internal locus of control. It has been required for both the entrepreneurs and the employees to have success within the business.

Critically evaluate traits, characteristics, attributes and motivations of entrepreneurs

Key traits

There have been various traits of entrepreneurs that have been identified for having core elements to achieve their intended goals. As stated by Ismail (2022), one of the key traits of successful entrepreneurs has been creativity and another one has been problem-solving. Creativity has been the ability to form something new and valuable that helps the new business to attain a different value. As argued by Tan *et al.* (2021), successful and entrepreneurs have been considered as the best risk takers as they are not afraid to take any kind of risk. In fact the entrepreneurs have been identified to be able to take calculated risks and accept all the failures that come on the way.

The entrepreneurs have been identified to be self-motivated and have the motivation of taking any risky step. As opined by Ahmed *et al.* (2022), in history there have been various such entrepreneurs who denoted the fact that progress comes to the way only when they invoke changes into new business. Leadership has been another trait of entrepreneurship. Leaders have been identified to be people who value the goals and work to encourage the team to work for a single goal. There have been some other sub traits that must be present in the effective leaders. **For example**, effective communication skills, skill of active listening, effective speakers and the ability to motivate others for becoming successful entrepreneurs. As argued by Bawono *et al.* (2020), however, an ineffective leader does not have these traits and has not been able to manage a team towards a single goal. The positive qualities of the ladder become the motivating elements

for others to become good leaders. A strong entrepreneur has the strong sense of ethics and integrity and competitive spirit that makes them what they are.

Characteristics

There have been various characters that together make the entrepreneurs strong. As stated by Eliakis *et al.* (2020), these characteristics have been very important to be present in the entrepreneurs while starting a new business. The first and the foremost character that has been considered to give birth to the innovations have been curiosity. This trait has been responsible for differentiating entrepreneurs from any organisational leader. This has been the resemblance of the practice to ask questions regarding the new ideas which helps the entrepreneurs to take challenges. As argued by Kruse and Rosing (2023), without being curious about any idea or process an entrepreneur would not be able to get the innovative ideas that help them to achieve the objectives and value of being different.

The business organisations in today's world have been considered to be ever changing based on the changing demand and needs of the customers. According to the views of Heinemann *et al.* (2022), a successful and promising entrepreneur has to be adaptable to the changes that come on the way of conducting the business. This has been very important for any business to have a flexible and adaptable entrepreneur in order to attain competitive sustainability. With the character of adaptability come the characteristics of decisiveness or making difficult decisions. As stated by Kocot *et al.* (2023), they have been responsible for the entrepreneurial trajectories including the business strategies and financial elements. As argued by Ismail (2022), the failure in taking the correct decision at the appropriate points results in failure of business projects and loss of competitive advantages. The last characteristics have been the tolerance for risk and taking steps for minimising them. A successful entrepreneur has been identified to be risk takers and try to solve any problem that comes in the way of fulfilling organisational objectives.

Attributes

The process of starting a new business may be exciting and at the same time scary. As stated by Ismail (2022), the first attribute has been planning which has been considered to be lacking in many of the new businesses. Being planned helps the entrepreneurs to coordinate their efforts and organise in whatever they do. As argued by Ahmed *et al.* (2022), lack of self-belief would be responsible for lack of confidence of the entrepreneurs to take risks. They have to keep the belief over themselves even in adverse situations in the businesses. As opined by Tan *et al.* (2021),

despite all the negative situations the successful entrepreneurs have been identified to be focused on their organisation; goals and objectives.

Motivations of Entrepreneurs

The growth of enterprises has been dependent on multiple motivating factors of entrepreneurs. These factors have been associated with the success of the business. As stated by Wang *et al.* (2019), entrepreneurs have been required to have a desire for creating new services. They have been required to understand what type of services can provide meaningful benefits to their customers. However, this process has not been possible for small enterprises to achieve without the help of other individuals. As argued by Su *et al.* (2020), entrepreneurs have been required to acknowledge the contributions of other team members. This acknowledgement has helped those individuals to feel motivated and as a result, they have been associated with the business for a long time.

Entrepreneurs have been required to have relevant experience in the field of business field to sustain their motivation. As stated by Amorós *et al.* (2021), educational or professional background in a related field has been helpful for individuals to increase their business growth. The success rate of the business gets higher with the help of relevant knowledge. This has been working as a type of motivation for the entrepreneurs as they acquired a type of expertise in the particular field. On the other hand, the flexibility of entrepreneurs has also created motivation. As argued by Duan *et al.* (2023), entrepreneurs have been required to face multiple challenges while running a business. Presence of flexibility has been helpful for entrepreneurs to sustain their businesses.

For-profit and non-profit small organisations' conceptual foundation with examples

Many differences have been visible between for-profit and non-profit organisations in terms of their business values and beliefs. For-profit organisations have been majorly focused on earning monetary benefits with the conduction of business activities (Lehman, 2021). These types of organisations have been more concerned about the growth of the organisations with the generation of profit. The customers have been required to have a high product requirement so that the businesses can be successful (Burbano and Ostler, 2021). There have been multiple small for-profit companies in the UK that have generated revenue of more than £10m. For example, ***Imaginera*** has been the provider of software consultancy services that helped various MNC

companies to improve their businesses (Imaginer.co.uk, 2023). The company has worked with multiple market leaders such as Inigo, Chaucer and many more that has helped them to earn higher business revenue. For-profit organisations have been highly focused on improving business KPIs to determine business growth. They have been required to hire employees who have been responsible for managing every business activity (Storbjörk *et al.* 2021). Employees have been required to be provided with monetary benefits in exchange for the services they have been providing to the company.

The vision and goals of non-profit organisations have been different from for-profit organisations. Non-profit organisations have been majorly concerned about serving individuals for a common cause such as human rights, child education, relief camps and more (Wang *et al.* 2019). The members of a non-profit organisation have been a voluntary member who has been interested to donate for the cause. Non-profit organisations have not been concerned about earning any monetary benefits (Su *et al.* 2020). However, the members of non-profit organisations have been required to provide some membership charges to sustain the organisation. These organisations have also been able to get donors who have been providing financial resources for the growth of the organisation. For example, **Redress** has been a non-profit organisation focused on human rights improvement within the country (Redress.org, 2023).

For-profit and not-for-profit organisations' founders' values

The values of the founders have been different for both for-profit and not-for-profit organisations as the purpose of establishing these organisations has been different. It has been seen that both of these organisations have been helping the common people to resolve some type of problem. As opined by Jiao *et al.* (2023), for-profit organisations have been majorly dedicated to selling their services and products that can further help individuals. The founder of the for-profit organisation has been dedicated to earning a profit by providing its services. They have been required to pay their employees when they work for the founder. On the other hand, not-for-profit organisations have been inclined towards not earning financial profit while they have been resolving individuals' problems. As argued by Hopkins and Dowell (2022), the founders of not-for-profit organisations have been inclined towards conducting scientific research, charity work and other similar type of projects. This foundation has been created with the help of volunteers where each individual has been providing free services for the greater good. The founders of not-for-profit organisations have not been required to pay wages to the volunteers. However, this type of

organisation has often been required to create fundraising occasions where they can raise their fund for continuing service provision to the individuals.

Conclusion

It can be concluded that the growth of enterprises has been highly dependent on the key traits of entrepreneurs. Entrepreneurs have been required to have certain characteristics that have helped organisations to sustain themselves in the long run. The attributes that can cause damage to the growth of the business have been discussed here. Entrepreneurs have multiple levels of motivation when they have been starting or expanding their businesses.

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