



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

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ENTREPRENEURSHIP

ASSESSMENT 1

ATHANASIOS KARKATZOULIS

STUDENT NUMBER: 2011249

2011249@student.uwtsd.ac.uk

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1. INTRODUCTION

Entrepreneurship as a term is increasingly attracting the attention around the world. This is due to the fact that as an integrated concept and process, and entrepreneurs as individuals, contribute decisively, both to society and to the economy, in a variety of ways.

Entrepreneurship (*french: entreprendre*) is directly linked to the productive activity and economic growth, both considered as necessary conditions for overall and social development, such as the growth of employment, production, income, demand, etc. (Bolton and Thompson, 2013). Entrepreneurship is a complex, multidimensional, and controversial concept, and cannot be given a single definition, with roots in economic theory and sociology sciences. In its modern version, it combines elements from psychology, management, and industrial geography (Carter and Jones-Evans, 2012). An interesting definition is given by the Green Paper on Entrepreneurship (EU, 2003) which refers to entrepreneurship as a *mentality*. It involves developing the activities of an individual, recognizing opportunities and taking advantage of them for financial gain.

Looking back, we could say that entrepreneurship was 'born' from the moment that the prehistoric man developed and used their mental abilities (e.g., tools). From Ancient Greece to Egypt and China, entrepreneurship played a prominent role in the progress and prosperity of those civilizations, mainly expressed in the form of land and sea explorations. The Industrial Revolution was a pivotal historical point for humanity and therefore for entrepreneurship, as great inventions took place. During the last decades of the 19th century (Casson, 2014), the new energy sources (electricity, petrol) and science led to even more important entrepreneurial achievements (e.g., telephone – Bell, light bulb - Edison, plane – Wright brothers, car - Benz). It is noteworthy that during this period, the concept of entrepreneurship as an economic activity, is being shaped and the business culture takes on a new form (cartels, trusts, bank investments etc.) (The Gritti Fund, 2020).

2. ENTREPRENEUR – INTRAPRENEUR – POLICY MAKER

Can everyone become an entrepreneur? What are the characteristics that describe a successful future one? Are they born or made? Indeed, there is an ongoing debate as to whether the creation, successful development and maintenance of a business is a matter of luck, inspiration, training, or application of various techniques and hard work. The starting point for the business idea usually lies in the entrepreneur's mind, and not necessarily in the market or, even more, in a business plan. The magnitude of the success of their endeavor is proportional to the risk they are willing to take and the concessions willing to make to their principles and personal/ social scruples (The Telegraph, 2016). The entrepreneur is the key element; its capabilities and limitations will determine the new research areas, and ultimately the size and objective of the business. Briefly, the business support by suppliers, creditors, banks, or customers is nothing but confidence in the capabilities of the entrepreneur. The entrepreneur builds based on their strengths, while their weaknesses determine the limits (Bolton and Thompson, 2013).

An intrapreneur is a company employee directly responsible for transforming a concept into a viable finished product through decision making and creativity. The intrapreneur does not face the entrepreneur's outsized risks or enjoy the entrepreneur's outsized rewards. The goals of intrapreneurs and entrepreneurs differ; An entrepreneur plans to build a business from the ground up while an intrapreneur has a bigger vision for a well-established company, which necessitate significant changes to organisation traditions, procedures, or goods (Mishra et al., 2015). Intrapreneurs usually add specifically relevant expertise and knowledge to the work. If an intrapreneur learns the skills required to identify and solve critical problems, the intrapreneur can eventually become an entrepreneur.

Organizational policy makers (executives, board of directors etc.) engage and formulate the decision making of a business. Policymakers must participate in, and be seen to participate in, the dialogue process. All three groups are part of a common and complimentary business network, even though they contribute from a different perspective and produce a different impact (Carter and Jones-Evans, 2012).

3. TRAITS, CHARACTERISTICS, ATTRIBUTES & MOTIVATIONS OF ENTREPRENEURS

Every new business, in order to achieve its goals, primarily relies on the following five key factors: i. the appropriate business idea, ii. business plan, iii. adequate funding, iv. market and demand conditions and v. the right person (Mishra et al., 2015).

The right person mentioned above refers to someone who innovates or imitates creatively, coordinates the productive factors in their business, makes the critical decisions and utilizes every profit opportunity in the market. The term is commonly used for a wide range of people, from the small local business owner to the owner of a multinational business. A key point for the future entrepreneur to start a business is to make a conscious decision and not be imposed by other factors (Bessant et al., 2013). After all, the primary concern of the future entrepreneur should be the comprehension of himself; through a process of self-knowledge, which will provide information about his abilities, limitations, and areas of improvement. Indeed, growing a business requires personal development and self-completion. Therefore, the success of a business depends to a large extent on the entrepreneur's profile who should firstly evaluate his skills and then the viability of the business idea (Bolton and Thompson, 2013). Also, adaptability to the competitive environment and teamwork are golden rules of success. Based on the trait theory, entrepreneurs may be gifted with certain innate personality traits such as (Kerr et al., 2018):

1. **Honesty** that lies in creating and adhering to a common value system and rules – 'working prototype'. Essentially being honest with this value system.
2. **Execution intelligence and delegation skills**. This combines the ability to execute a business idea and find the right people for each job. The right leader should comprehend and assess the strengths, weaknesses, aspirations of the team members, so that delegates accordingly and achieve their goals.
3. **Communication** skills. The reason is simple: the leader must express himself in a way that is understandable by the team, and act accordingly.

Another important personality trait is that of **empathy**, the ability to experience and understand each other's feelings and reactions.

4. **Inspiration and motivation.** For himself and their team; be a role model, so that the people they lead respect and appreciate them. This can only be done if the person leading a team inspires them to improve and achieve their goals.
5. **Confidence** 'I know this subject very well and I will help you as much as I can. That does not mean I make no mistakes, but I will learn from them and regain my strength. Now let's achieve our goal together!'
6. **Optimism.** Within a team, things will not always go smoothly. There will be difficult times where the team will not be united, the results will be far behind the original plan and all this will create stress, nerves and group dysfunction. During those times, an optimistic and encouraging leader will 'save the day'.
7. **Commitment - Locus of control (LOC);** a very strong characteristic of an entrepreneur, a form of internal balance. Entrepreneurs have a clear sense of internal LOC and feel that their future depends on their own decisions. Commitment to the work provides a sense of security; crucial in high performing teams, which ultimately contribute to the prosperity of a business.
8. **Creativity** to envision the future opportunities/ challenges with imagination giving pioneering ideas.
9. **Tenacity** and **patience** despite failure and ambiguity. Possibly one of the most important traits. A good entrepreneur is the one who never gives up and refuses to take "no" for an answer. Indeed, the path is full of risks, obstacles and uncertainty, but persevering the goal can also be satisfying. Even the most successful entrepreneurs have experienced failures and rejection – Jack Ma, James Dyson, J.K Rowling.
10. **Passionate** for his vision and **need of achievement.** «People should pursue what they're passionate about. That will make them happier than pretty much anything else.» – Elon Musk.

In addition to the above, since the 1980s, the Big-5 personality traits model has been found to affect career choice and job performance. According to John, et al. (2008), these are 5 'macro' personality features:

- **Openness to experience** defines a person's mental and experimental life's scope, depth, originality, and complexity.

- **Conscientiousness:** refers to the socially prescribed impulse regulation that allows for task and goal-oriented conduct.
- **Extroversion:** denotes an active attitude to the social which material worlds, and encompasses characteristics such as sociability, movement, assertiveness, and optimistic emotionality.
- **Agreeableness:** encompasses characteristics like altruism, tender-mindedness, confidence, and humility, and compares a prosocial and communal orientation toward others with antagonism.
- **Neuroticism:** compares social composure and calmness with negative emotionality, such as anxiety, nervousness, sadness, and tenseness.

Zhao and Seibert (2006) find entrepreneurs to be more open to experience, more conscientious, similar for extroversion, less agreeable, and less neurotic, than intrapreneurs. On the other hand, policy makers seem to be less open to experience, more conscientious, less extrovert, less agreeable, and more neurotic. In addition, intrapreneurs and policy makers do not have the same tenacity, drive, determination, patience and perseverance as the entrepreneur.

3.2 Social Theories

It has been argued by many researchers that factors such as the age, birthplace, residence and education level, play an important role in choosing a career. It has been argued by Brockhaus (Audretsch *et al.*, 2019) that most people decide to choose a business career at the age of 25-40. At this stage people not only have sufficient experience, self-confidence, but also limited family responsibilities. It has also been shown that the place of birth and residence of entrepreneurs is related to their decision to engage in business, depending on whether their place offers few or many business opportunities. In addition, living in a specific place "supplies" the person with a variety of experiences and knowledge related to the market operation (developed or underdeveloped), consumer patterns (conservative or progressive), credit development system, etc., which definitely have a significant impact, not only on their decision to become entrepreneurs, but also on the choice of the sector in which they will invest (Jones *et al.*, 2006).

Also, the education level, influences a person's decision to turn to the business environment. From research in the USA, it has been shown that aspiring entrepreneurs

are generally less educated and less specialized than intrapreneurs. This can be explained by the fact that managers, who have higher scientific and professional training, easily find jobs that satisfy them, so they are probably less willing to start their own business by taking the relevant risks. Cochran (1965) argues that the number of entrepreneurs appearing in a country depends on the moral, social and economic values that prevail (Carter and Jones-Evans, 2012). If these values treat business positively, then young people turn to a business career, and vice versa. Entrepreneurs as members of society also change their values and goals depending on the respective changes in society. For instance, in the current era of environmental societal awareness many entrepreneurs have turned into 'green' entrepreneurship (Gaddam, 2007).

3.3 Economic Theories

The function of the entrepreneur as a 'derivative' and cause of the dynamic economics, as pointed out by J. B. Clark and other Neoclassical economists, was developed by Joseph A. Schumpeter with his theory of innovative action (Bolton and Thompson, 2013). The exploitation of profit opportunities is achieved when he is active in the following innovative actions: (a) the creation of new products, (b) the expansion/ discovery of new markets for the products, (c) the use of more efficient production methods and (d) the most efficient business structure.

Another business function that has been pointed out by old (e.g. Cantillon and Hamilton) but also more modern economists (e.g. Hawley) is that of risk taking upon uncertainty. This function, which is a derivative of the economic dynamics and imperfections of the real market, was developed as a separate entrepreneurial theory by Frank Knight (1921) (Kerr et al., 2018). He argued that the entrepreneur operating in such a market faces measurable and non-measurable risks, while having the sole responsibility and control of the company. In the 70's another theory was developed by Kirzner, that presents the entrepreneur as the person who seizes every opportunity for profit. Thus, they have the knowledge, information and relative 'alertness' about the market that others may not. On the other hand, intrapreneurs and policy makers want certainty and financial security provided by a fixed salary (Audretsch *et al.*, 2019).

3.4 Motivations of Entrepreneur

A key criterion considered for a business success is the motivation of an individual to engage in business (Casson et al., 2014). The main categories of motivation can be distinguished to positive (attractive) and negative (repulsive) motivations, which are usually oriented around the economic and social environment. In more detail positive motivations refer to those attracting people to build a business; profit, social prestige, creativity, professional success, income growth, independence and '*become a leader*', etc (Bessant et al., 2013).

Schumpeter in his work that established the role of the innovative entrepreneur, The theory of Economic Development (1911), emphasizes that the individual pursues a business career not only in pursuit of wealth but also for the following other reasons (Gaddam, 2007): (a) seeks an "individual kingdom", (b) wants to achieve something to prove his superiority over others and (c) feels the joy of creation or the need to manifest their energy and intelligence. Many successful entrepreneurs in their personal interviews and autobiographies state that they do not continue their business activity for profit, but because they constantly want to create and achieve something new.

Moreover, there are also negative entrepreneurial incentives that can force people to open a business; financial crisis, unemployment, forced migration, job loss, family needs, early retirement, etc (GEM, 2019). According to the psychosocial source of business activity theory developed by Weber, Tawney, Hagen, the marginal person or group is forced to act to ensure survival and perhaps social rise. This is what the Jews and Protestants did, who, driven by different religious beliefs from those prevailing in medieval Europe, laid the foundations for the development of capitalism. The negative motivations, as outlined by Shapero (1975) that "force" entrepreneurship can sometimes be stronger than the positive ones. The person also decides to pursue a business career when reaching a life crossroad; school graduation (senior or higher), military training completion (GEM, 2020).

Therefore, we could say that a combination of appropriate motivation and moderate intensity may be the best human impulse to entrepreneurship.

The decisive role is always played by the environmental conditions; political, economic, social and technological that regulate the framework of action, which differs depending on the period and location (Kerr et al., 2018; Audretsch et al., 2019). Experience shows that entrepreneurship is more difficult to find its way in "closed" economically and socially societies than in "open to opportunities" societies.

Finally, we also encounter the neutral entrepreneurial incentives; specialization, professional experience and type of studies, the factor of luck, the continuation of the family business, etc.

4. VALUES & BELIEFS OF 'FOR PROFIT' VS 'NOT FOR PROFIT' ENTREPRENEURS

Today's market pressures necessitate non-profit executives acting in a more business-like manner. Indeed, NPO leaders have a certain proclivity to behave entrepreneurially as for-profit entrepreneurs, but their motivations and mindset are distinct. Both groups display common general and entrepreneurship-specific personality characteristics, but their motivation differs dramatically (Carter and Jones-Evans, 2012). While non-profit leaders are driven primarily by the purpose of their mission, entrepreneurs are motivated primarily by freedom as well as the revenue and profit generated by their work. I believe that NPO leaders are a distinct category who are both entrepreneurial and motivated largely by a desire to do good for others (GEM, 2020). As a result, NPO leaders will legitimately be referred to as social entrepreneurs: 'social' because of their inspiration, and 'entrepreneurs' because of their personality characteristics.

The values and beliefs of NPO entrepreneur come from different starting points. They believe that their contribution to the world will be more substantial if they challenge the status quo to empower society. Their intentions are purer, more community-driven, compared to the traditional entrepreneur and are characterized by idealism. Overall, they are people with increased sense of fairness and collaboration (Jones et al., 2006). Their purpose is to create an environment of equality and justice for the society without discrimination and social exclusion based on solidarity and legitimacy. Their entrepreneurial development comes hand by hand with a sustainable environment and growth, upon which their value system is realised. Three main principles followed by the NPO entrepreneurs are (Carter et al., 2012):

- 1) They become passionate about the problem rather than with the solution.
- 2) They agree that no one owns a solution to a societal problem. Instead, following a change management methodology, it can be co-created with the society to ensure continuity and impact.

- 3) They understand that the social sector's bottom line is influence. They don't only focus on creativity and innovation; they also demonstrate impact - making them both disciplined and visionary in their approach.

Their creativity, innovation and originality are based on and invested in these principles and values.

There is no intention of being aphoristic towards entrepreneurs 'for profit'; on the contrary these offer work, prosperity and income to employees, thus contributing to the whole of society too. The core of their philosophy is different, with the one group leaning towards financial return and the other in maximising social return. In the current economic system, both types of entrepreneurs are vital and complementary. They complement each other poetically, like a couple dancing the tango.

5. CONCLUSION

With the 'Renaissance' of individual and economic freedoms, the current heroes and idols are no longer the great revolutionaries of the past. They are entrepreneurs like Steve Jobs, and Elon Musk, who with their own ideas, created new products, businesses and huge wealth for themselves, their partners, shareholders and society in general. In a way, today's admiration for entrepreneurs' parallels that of Mark Twain's Gilded Age.

Entrepreneurship is a way of behaving, rather than a personality trait. And its foundations lie in concepts and theories and not in inspiration. Every practice is based on a theory, even if those who apply it are ignorant of that theory. Entrepreneurship is based on a theory of economics and society. This theory sees change as normal and, more precisely, as something healthy (Drucker, 2006).

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