

Module Name- Entrepreneurship

Module ID- LCMB7004

Title of Assignment- Assignment 1

Student Name- Amandeep Kaur

Student ID- 2106102

Submission Date- 04 May 2022

Words Count – 2500 words

Table of Contents

Introduction.....	3
Concept of Entrepreneurship	4
Literature Review of Key Traits, Characteristics, Attributes, Motivations of Entrepreneurs and Small Business owners	6
Comparison and Contrast between 'for profit' and 'not for profit small organisations	9
Conclusion	11
References.....	13

Introduction

This report discusses the concepts of entrepreneurship which is much broader than the few famous personalities about whom we hear in global news forums due to their high-profile accomplishments as global entrepreneurs. It is very important to study these small business entrepreneurs who stand for the majority of the workforce globally. This report aims to study the characteristics, motivations, and attributes of these small business owners and expand the study of entrepreneurship further from the focus of only the economical view to other aspects. The report also studies the relationship between entrepreneurship and small business owners as small business owners can be a vehicle for Schumpeterian entrepreneurs who innovate services and products or can be run for simply earning a livelihood (Thurik & Wennekers, 2014). The latter classes of small business owners are also very important as they form the economic core of any society and cannot be disregarded as a contributor to political and social stability concerning employment but also acts as a vehicle of entrepreneurship contributing to competitive and innovative power.

The report also discusses the comparisons and contrast between 'not for profit' and 'for profit' small organisations from the perspective of values and belief of an entrepreneur. There has been a rapid growth in non-government, not-for-profit small businesses and entrepreneurs which run on soft incentives. These incentives protect the volunteers, employees, donors and the consumers from the entrepreneurs, that have been extracting huge profits from the business

post their success in for-profit organisations. Although not for profit status has been opted by numerous self-interested entrepreneurs even after being aware of the fact that it would limit their ability to enjoy the profits of their venture after its success. The differences between entrepreneurs and their attitudes in for-profit and not for profit small businesses would be explained with real-life examples to further delve into the attitudes and motivations of small business entrepreneurs.

Concept of Entrepreneurship

One of the main capabilities of Entrepreneurs is the creation of wealth and dynamism within the competitive strategy of the firms as the essence of modern businesses lies in the specialisation of their functions. It is the characteristic of an entrepreneur to create or detect business opportunities through small or medium-sized firms, perform the role of an arbitrator while selling the idea of the business and also participate in the capital funding of the firm. The entrepreneurial function performed by an entrepreneur includes assessment, discovery and utilisation of the prospects which form of services, products or production processes; innovation of new markets, strategies and organisational forms and processes (Venkataraman & Shane, 2015).

The word entrepreneur is derived from two French words 'entre' and 'Prendre' which means 'between' and 'to take' respectively which helped to identify certain merchants that used to benefit from commercial opportunities from traders by generating profits from them (Kuratko, 2017). The word itself was self-explanatory which termed an entrepreneur as a businessman who used to take risks by engaging in between buying from a supplier and selling to customers

at uncertain prices. The inconclusiveness of Entrepreneurs has been defined by researchers as a group of unique individuals who have various characteristics, and personalities. Backgrounds, gender, education, and cultural experiences are bound within unfavourable environments (Fisher & Koch, 2018). Entrepreneurial behaviour is dependent upon personal motivations which are in turn dependent on the characteristics of the environment that the entrepreneur lives in. therefore the entrepreneur can also be defined as an individual who creates and innovates out of habit to create a product or service which has a recognisable value with the apparent opportunities that they are presented to them. Entrepreneurs are involved with various activities which have been related to the foundation, creation, management and adaptation of an endeavour (Baran, 2018). Entrepreneurship has been defined as the dynamic process of change, vision and creation through the application of passion and energy towards the conception and execution of various creative solutions and ideas to everyday or complex challenge. One of the essential constituents of any entrepreneurship is the ability to undertake calculated risks with equity, time and career. To practice successful entrepreneurship, abilities like formulation of an effective venture team, skills of building a solid business plan, the creative skills to accumulate resources and the vision to distinguish opportunity among confusion, chaos and contradiction are very important (Kuratko, 2017).

Innovation should not be presented as an inherent characteristic of entrepreneurship but they should be mutually coexistent to allow the numerous possibilities of the relationship of the company with its institutional, commercialisation and resource allocation settings should be able to promote the development of innovation (Woolley & Rottner, 2016). Small businesses and entrepreneurship have a strong association with innovation or the creation of new ideas, services or products, although they have larger restrictions than large businesses. The

restrictions arise due to the limitation of resources but small enterprises or businesses also have the advantage of close cooperation and strong commitment which might be difficult to reproduce in large companies. Small businesses always have the advantage of having innovation dynamics as the team members share greater motivation and commitment with ample necessary shared knowledge (Sahut & Ortiz, 2014).

Literature Review of Key Traits, Characteristics, Attributes, Motivations of Entrepreneurs and Small Business owners

In classic theory, a personality is referred to as the cause and assumes that the trait causes the behaviour and the behaviour is the resultant of the effect of personality. Therefore the researchers need to study the personality traits of individuals to understand why certain engage in business creation and become successful entrepreneurs while others do not (O'Gormon, 2015). It has been confirmed by numerous researchers (Milner, 2015) that personality traits are one of the significant factors which elect entrepreneurial performance and intention and some of these would be discussed in the following part of the report.

Miner (Ahmed, et al., 2020) had suggested a four personality profile that would be efficient in achieving entrepreneurial success. Each of the personality profiles is distinctive and an individual successful entrepreneur can possess more than one profile within them. The personality profiles include personal achiever, empathic salesperson, expert idea initiator and ideal manager with a host of managerial skills. Further research also indicated that personality traits speculate only some specific competencies, therefore skills, confidence and motivation

are also important factors in an entrepreneur which influence strategy and vision and impact the growth and structure of businesses. Personality traits play an important role in entrepreneurial actions and they shape and influence various behaviours skills and competencies within an entrepreneur.

The characteristics of an entrepreneur can be broadly classified into two types, innate and acquired characteristics. Researchers have debated about it for decades whether personality traits are inherent by birth or have been acquired by successful entrepreneurs through life lessons and learning methods (Forbes, 2017). Numerous studies have suggested that genes and learning experiences are equally important in crafting entrepreneurial behaviour in an individual as they have a significant impact on interests, attitudes and values. Some researchers have also suggested genes are a part of the environmental effects as an individual emerges from a certain background, while the environmental effect is also merged with the genes as they have been arbitrated by a biological process as well (Ward, et al., 2019). Thus researchers have proved that entrepreneurial characteristics are both made and to be born with while being significantly heritable.

Some of the behavioural attributes or specific traits which engage entrepreneurial behaviour among individuals are achievement, risk attitudes, innovativeness, locus of control and self-efficacy which have been found as essential attributes of every entrepreneur (Xu, et al., 2017). It has been established through research that individuals with greater risk tolerance and less risk aversion have a higher probability to engage in self-employment in high opportunity businesses despite the uncertainty and risk and thus endorse risk attitudes. This confirms the existence of risk propensity within entrepreneurial activity a significant attribute (Antoncic, et

al., 2018). Entrepreneurs have been held for the greater desire for achievement through acquired needs theory which implies that an entrepreneur's performance in their choice of occupation is intensely related to achievement motivation. This implies that the need for achievement is an important attribute of an entrepreneur while performance and occupational choice are significantly related to the entrepreneurial activity (Sun, et al., 2020). The locus of control can be established as a personality characteristic where the entrepreneur reinforces the business environment or behaviour of individuals around him. Such individuals have the belief of being able to control outcomes and are persistent in achieving high targets set by themselves as independence to take decisions to make such persons more active and successful and less anxious (Fossen, et al., 2014). Entrepreneurs have been found to possess the attribute of innovativeness through research which allows them to search for new sources of supply, discover new markets and products, and develop existing products and lower production costs through innovative practices to sustain competitive advantage for the business. This attribute has a great effect on job and venture performance and is achieved by entrepreneurs who have sources of critical information through feedback and goal-oriented behaviour (Nassiuma, et al., 2018). Entrepreneurial undertakings require an individual to often face challenges that could be overcome through persistence, efforts and planning which has a close association with the attribute of high self-efficacy. This attribute of an entrepreneur is often strengthened through various experiences, social persuasions and, the elimination of negative emotional and physiological states by the entrepreneur (Xu, et al., 2017). Motivations of various forms are also very important in influencing the orientation of entrepreneurs which includes employment situations, environmental factors, wealth and individual satisfaction in their job roles (Fossen, et al., 2014).

There have been researches to establish relationships among small business, innovation and entrepreneurship be associated with start-ups and has become one of the broadest fields in entrepreneurial undertakings. They are regarded as role models and charismatic leaders for what is known as entrepreneurship, which often turns away the attention from the attitudes and characteristics of millions of other entrepreneurs who run the small and medium scale enterprises all over the world which are responsible for providing maximum job opportunities to people globally (Chavez, 2016). Entrepreneurship has been associated with national culture in the case of small business start-ups as the level of economic development and income levels have a significant effect on entrepreneurship (Pinillos & Reyes, 2016). Opportunity led entrepreneurship is promoted heavily in developed economies or high-income countries among small businesses, especially in countries that promote mastery values. While developed economies which are based on harmonious values support socially driven internship which is less necessity driven (Sahut, 2014). The not for profit-driven entrepreneurship and 'for profit'driven entrepreneurship small businesses would be studied further in this report.

Comparison and Contrast between 'for profit' and 'not for profit small organisations

The last few decades have witnessed the rise of 'not for profit' (NFP) enterprises as they have been successful in sustaining the larger societal needs of the world. The aim of the NFP's to discover, create and utilise various opportunities for generating more social value rather than an abundance of economic value. The rapidly changing business environment due to globalisation along with growing societal needs and competition for grants and donors has led to burgeoning entrepreneurship in NFPs around the world. Entrepreneurship in NFP helps

them to develop new revenue streams through self-financing activities that include commercialising and developing various products and services while retaining the social emphasis (Lecy, et al., 2016).

A surreal example of an NFP that exploded post-Covid -19 pandemic was NeighborShare (Caplan, 2021) which helps to empower the community frontline heroes to help their neighbours out regarding pivotal needs which are under \$400 per person or family. It is a small enterprise yet innovative and disruptive in its NFP model where the donor and organisation transparency could be easily maintained as donors are aware of the families for whom their contributions are being utilised. This has also enabled the frontline workers to join the NFP while also assisting local social organisations to partner with them and create a network of active partner organisations.

One of the biggest differences between an NFP and a 'for profit' small business is that NFPs act on the opportunities which pose problems for for-profit organisations. Although there is very less difference between NFP entrepreneurs and 'for-profit' entrepreneurs in the case of personality traits NFP leaders are also forced to develop sustainable modes and act entrepreneurially to self-finance their activities (Gorgievski, et al., 2015). Both the entrepreneurs of NFP and 'for profit' small businesses need to be proactive while implementing strategies and organisational goals and in their risk-taking attitudes in innovation.

The leaders of NFP small businesses had been found to have differed from 'for profit' businesses based on motivation in entrepreneurship. It was found in a study involving Dutch NFP small businesses owners who were interviewed for their implicit motives involving power, achievement and affiliation motives of the entrepreneurs (De Hoogh, et al., 2015). The study

revealed that the NFP small business entrepreneurs displayed a higher level of affiliation towards compassionate undertakings while being more caring about employer-employee relations. The level of power and achievement motivation was also found to be much lower than 'for profit' small and medium-sized business entrepreneurs. Although the NFP entrepreneurs exhibited the motive for self-realisation and the need for achievement to fulfil organisational goals rather than personal motives. The 'for profit' small business entrepreneurs exhibit self-regarding motivations like autonomy, independence, monetary gains and achievement (Kuratko, 2017). The NFP small business owners have been found to head mostly civic associations where the entrepreneurs or heads were found to be the head decision making authority with very few employees working under them. While the 'for profit' small businesses were mostly found to be companies with limited liability in the field of law, IT (Information Technology), restaurants or travel agencies. One other stark difference that has been found between NFPs and 'for profits' small businesses through research is the number of female entrepreneurs is higher in NFPs while the latter is dominated by male entrepreneurs (Bullough, et al., 2022).

Conclusion

Entrepreneurship has been one of the most highly studied topics in recent decades as it is the driving force for mobilising human, physical and financial resources while innovating businesses and creating jobs. As the vast majority of jobs globally are generated by small and

medium scale businesses in the private sector it becomes very important to study how the frequency of success of these small businesses could be increased through entrepreneurship. The promotion of entrepreneurship and entrepreneurs rest on two main pillars which are the improvement of entrepreneurial framework and skills globally. The way an entrepreneur works or achieves motivations depends largely on the economic framework of the environment and its policies and regulations. Entrepreneurial behaviours, traits and characteristics are existent within NFPs and 'for profits' small businesses equally and motivations will certainly help them to break through those barriers to capitalise on such individuals' philosophies. Therefore through research, it is evident that it is up to the local governing bodies and regulatory frameworks of the economies to help these entrepreneurs thrive and eliminate biases based on gender and resources. Thus more studies and research are required to understand the barriers and challenges posed to these NFPs and 'for profit' small business entrepreneurs so that they could their integration into the growth intensive competitive economy could be made effortless.

References

- Ahmed, M. A., Khattak, M. S. & Anwar, M., 2020. Personality traits and entrepreneurial intention: The mediating role of risk aversion. *Entrepreneurship Theory and Practice*, pp. 2-10.
- Antonicic, J. A., Hisrich, B. A. D. & Gantar, M., 2018. Risk-Taking Propensity and Entrepreneurship: The Role of Power Distance. *Journal of Enterprising Culture*, 26(1), pp. 1-20.
- Baran, W., 2018. Personality Traits of an Entrepreneur, Determinants of Successful Microenterprise in Ireland. *Business, Psychology*, pp. 5-10.
- Bullough, A., Guelich, U., Manolova, T. S. & Schjoedt, L., 2022. Women's entrepreneurship and culture: gender role expectations and identities, societal culture, and the entrepreneurial environment. *Small Business Economics*, 58(1), pp. 980-995.
- Caplan, J., 2021. *What Entrepreneurs Can Learn From Innovative Nonprofits*. [Online]
Available at: <https://www.forbes.com/sites/johncaplan/2021/12/14/what-entrepreneurs-canlearn-from-innovative-nonprofits/?sh=244b18ce3631>
- Chavez, J., 2016. The Personality Characteristics of an Entrepreneur and Their Effects on the Performance of a New Business Venture. *European Management*, pp. 2-5.
- De Hoogh, A. et al., 2015. Leader motives, charismatic leadership, and subordinates' work attitude in the profit and voluntary sector. *Leadership Quarterly*, Volume 25, pp. 15-22.
- Fisher, J. & Koch, J., 2018. *Born, not made: The entrepreneurial personality*. 5 ed. Westport: Praeger.

- Forbes, D. P., 2017. *“Born, Not Made” and Other Beliefs About Entrepreneurial Ability*. Hoboken: Wiley & Sons Publishers.
- Fossen, F., Caliendo, M. & Kritikos, A., 2014. ‘Personality characteristics and the decisions to become and stay self-employed. *Small Business Economics*, 42(4), pp. 785-810.
- Gorgievski, M., Ascalon, M. & Stephan, U., 2015. Small business owners’ success criteria a values approach to personal differences. *Journal of Small Business Management*, 55(2), pp. 200-210.
- Kuratko, 2017. *Entrepreneurship: Theory, Process, and Practice*. 10 ed. Boston: Cengage Learning.
- Lecy, J. D., Slyke, D. V. & Yoon, N., 2016. What Do We Know About Nonprofit Entrepreneurs? Results From a Large-Scale Survey. *Journal of business venturing*, pp. 12-35.
- Milner, D., 2015. A Downside to The Entrepreneurial Personality?. *Entrepreneurship Theory and Practice*, 39(1), pp. 2-7.
- Nassiuma, B., Masasabi, J. M., Snelder, D. & Nangulu, A., 2018. Entrepreneurs Experience and Firm Innovativeness: Multiple Mediation of Attitudinal and Behavioral Competencies. *Journal of Economics and Business*, 1(1), pp. 3-12.
- O’Gorman, C., 2015. The study of entrepreneurship in Ireland. *Irish Journal of Management*, 34(1), pp. 5-20.
- Pinillos, M. & Reyes, L., 2016. Relationship between individualist–collectivist culture and entrepreneurial activity: evidence from Global Entrepreneurship Monitor data. *Small Business Economics*, 40(1), pp. 20-35.

Sahut, J.-M., 2014. Small Business, Innovation, and Entrepreneurship. *Small Business Economics*, pp. 12-16.

Sahut, J.-M. & Ortiz, M. P., 2014. Small business, innovation, and entrepreneurship. *Small Business Economics*, 42(5), pp. 12-21.

Sun, H., Ni, W., Teh, P.-L. & Lo, C., 2020. The Systematic Impact of Personal Characteristics on Entrepreneurial Intentions of Engineering Students. *Frontier Psychology*, pp. 2-7.

Thurik, R. & Wennekers, S., 2014. Entrepreneurship, small business and economic growth. *Journal of Small Business and Enterprise Development*, 11(1), pp. 135-146.

Venkataraman, S. & Shane, S., 2015. The promise of entrepreneurship as a field of research. *Academy of Management Review*, 25(1), pp. 215-225.

Ward, A., Hernández-Sánchez, B. R. & Sánchez-García, J. C., 2019. Entrepreneurial Potential and Gender Effects: The Role of Personality Traits in University Students' Entrepreneurial Intentions. *Women and Entrepreneurship*, pp. 2-5.

Woolley, J. & Rottner, R., 2016. Innovation Policy and Nanotechnology Entrepreneurship. *Entrepreneurship Theory and Practice*, 35(2), pp. 70-86.

Xu, T., Kerr, S. P. & Kerr, W., 2017. Personality Traits of Entrepreneurs: A Review of Recent Literature. *National Bureau of Economic Research Working Paper*, pp. 5-14.