

## **The Impact of Entrepreneurship Style on Business Performance:**

### **A Review**

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#### **Abstract**

Entrepreneurship style is meant how entrepreneurs act. It is a way in which entrepreneurs behave in their innovative ways and resources. It may be a new company, a new product idea, technology upgradation or entering into a new market etc. Entrepreneurship style is an ability to transform an idea or innovation into a successful enterprise. But researchers argue that entrepreneurs are not created equal they have different approaches, different goals, different attitudes and different working style which make them different (Cody, 2014). Entrepreneurs are not same but only a subset of them have the potential to significantly impact economic growth (Baumol, 2010). The main objective of this paper is to explore the concept of entrepreneurship and entrepreneurship style because a clear understanding of the specific style of entrepreneurs may help entrepreneurs to improve the performance of business.

**Key words:** Entrepreneurship, Entrepreneurial style, Business Performance.

#### **1. Introduction**

Entrepreneurship style is ability to transform an idea or innovation into a successful enterprise. all entrepreneurs are not created equal they have different approaches, different goals, different attitudes and different working style which make them different (Cody, 2014).

The term entrepreneur, which derives from the French words entre (between) and prendre (to take), referred to someone who acted as an intermediary in undertaking to do something. (OpenLearn, 2019). The entrepreneur simply as someone who acts as an agent of change by bringing into existence a 'new combination of the means of production'. New combinations include process, product and organizational innovations and the means of production includes capital, equipment, premises, raw materials, labor and, in recent times, information (Schumpeter, 1934).

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At the start of the twenty-first century, with the almost universal dominance of market-based economic systems and a hugely increased middle class, the need to cope with the direct and indirect threats of globalization (Open Learn, 2019).

Poor performance of small and medium enterprises in the last two decades indicate the importance of entrepreneurship style in business performance. Half of all SME start-ups in developed countries fail within the first five years of establishment while the surviving firms show stagnancy in growth (Mfaume & Leonard, 2004; & Odondo, 2011). Failure of SMEs in early stages of its lifecycle and stagnancy indicates poor business performance associated with leadership factor (Zheltoukhova & Suckley, 2014).

Inadequate entrepreneurial management skills are found the primary factors contributing to the failure of business. Therefore, this research was conducted to explore the relationships between entrepreneurial skills and organizational performance.

The main objective of this paper is to explore the concept of entrepreneurship and entrepreneurship style because a clear understanding of the specific style of entrepreneurs may help entrepreneurs to improve business performance.

**2. Review of Literature**

That entrepreneurial success should be mainly determined by the individual's ability to adapt and dominate continual changes in the business environment through exploring new opportunities and learning from past successes and mistakes (David, 1973). The decisions made early in a firm's history generally affect its strategy for years afterward (Sandberg, 1992). Not only such decisions lock a firm into a strategy, but they also affect its structure and systems (Dobák, 1999). The structures and processes have become part of an integrated whole over the years in which it is difficult to change one element without unraveling the whole (Eisenhardt, 1988).

Entrepreneur must be responsible for developing and communicating organizational vision, identifying new opportunities for the organization, challenging existing ways of doing things, and breaking down bureaucratic inertia (Pinchot, 1985). The type of entrepreneurship style displayed by the owner or manager could help to foster entrepreneurial behaviors within organization. An enterprise requires entrepreneurship but what is required to maintain the ongoing operation of an organization and guide an enterprise to success is the effective leadership style that exists within the entrepreneurs (Arham, Muenjohn, Boucher, 2011).

Entrepreneurs reaction and innovation are key factors for the survival of organization in today's intense competition (Amiri and Marimaei, 2012). The relationship between an

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entrepreneur's working style and the level of their success is significant. To be a successful entrepreneur you need perseverance. Most successful business people or entrepreneurs have never given up on their idea. When challenges arise, they found innovative ways of overcoming them. entrepreneurs must be able to adapt to changing conditions and innovate and embrace technological advances to keep your customers engaged. These things take determination and a strong focus on the end goal (Kehoe, 2018).

In the 21<sup>st</sup> century, organizations need more entrepreneurs than managers. because entrepreneurship styles deal with innovations, origination of policies and ideas, developments of strategies, human resource welfare and utilization for profit maximization, long range perspective decisions (Luthans, 2008).

**3. Entrepreneurship and Business Performance**

Innovative firm is not considered entrepreneurial if it does not take risks or does not display proactiveness when dealing with competitors and the environment. The ability of a firm to display excellent performance in the three dimensions, consisting of innovativeness, proactiveness and risk-taking can be entrepreneurial. entrepreneurial style measured the degree to which top managers favor innovative activities, are inclined to take considerable business-related risks and proactively compete with other firms. (Covin and Slevin, 1989).

There is a link between Entrepreneurial behavior and organizational performance (Zahra, 1991; Smart and Conant, 1994; Yang, 2008; Ahmad and Ghani, 2010). The sales growth, profit and market share were higher for those firms which have high level of entrepreneurial behavior as compared to those with low level of entrepreneurial behavior (Fairoz, Hirobumi and Tanaka, 2010). It concluded that firms with higher Entrepreneurial behavior have better performance outcomes than firms with lower and medium Entrepreneurial behavior.

**4. Objective of the Study**

To explore the concept of entrepreneurship style and their impact on industry performance.

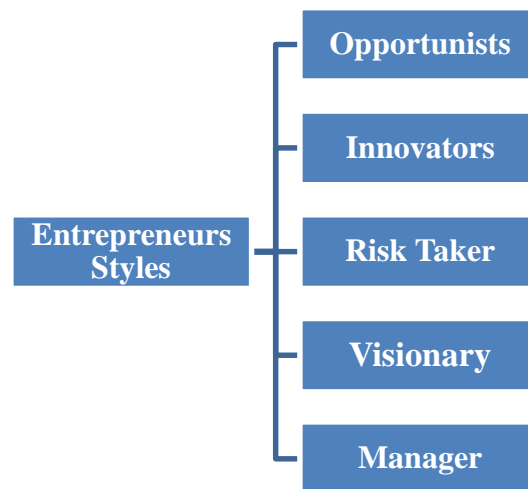
**5. Research Methodology**

The exploratory methodology was used. Secondary data was gathered from various published sources, journals, websites, books, magazines, internet, etc.

**6. Results and Discussion**

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Based on Review of Literature and exploration the entrepreneurship styles are modeled here as follows



**Figure 1**

### 6.1 Opportunists

The entrepreneurial process is opportunity driven, led by a team with parsimonious resources. in addition to being opportunity driven, entrepreneurs need to be persistent despite the odds; they need to move beyond their team by mobilizing their social capital (Timmons and Spinelli, 2008).

Opportunists entrepreneurs always consider the chances of success of their idea or innovation and then look for opportunities to make an entrance into the specific industry and once they find it, they follow a stepwise process to turn their idea into a successful business (Cody, 2014).

### 6.2 Innovators

Innovation basically means generating a new idea with which you can start a business and achieve a substantial amount of profits. It can also be in the form of process, i.e., doing the same work in a more efficient and economical way (Tree.Com, 2018).Innovators entrepreneurs can face and handle different, and difficult, situations.The attitude distinguishes an innovator from a failure. they do not give up early and become the most successful entrepreneurs of all times.

### 6.3 Risk Taker

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A high-risk taker entrepreneur creates a channel for strong flow of ideas to take place within the organization which will motivate and inspire employee to improve work performance (Productivity and Profitability) and ultimately organizational sustainability can maintain (Maladzhi, 2015).

**6.4 Visionary**

Successful entrepreneurs always keep one eye on the big picture, and this ability can make them successful businessmen. For success in business you must begin with a vision. A vision is the ability to see what others cannot see. It is being able to have a picture in your mind of exactly the result entrepreneurs intend to produce. The visionary entrepreneur can see exactly what his or her business is going to look like in every detail.

**6.5 Manager**

Proper management of organization could tangibly improve their business performance and help to ensure that they stayed ahead of the competition. As a manager the role of entrepreneurs in the workplace is perhaps the most significant in terms of impact on organizational performance. because entrepreneurs should have direct influence on employees and staff. As a manager they carry the responsibility for aligning the performance of their department and its staff with organizational goals. As a manager, entrepreneurs play a vital role in organizational performance.

**7. Conclusion**

The study concludes that the entrepreneurs who considered themselves as being more innovative, opportunist, risk taker, visionary and as a manager in their entrepreneurial approaches can enhance business performance, specifically on profitability and growth. The study found that there is a positive significant relationship between entrepreneurship style and organizational performance.

**8. Suggestions**

Successful entrepreneur should have better understanding of entrepreneurship style. Most successful businesspeople or entrepreneurs never give up in any situation they took risk. When challenges arise, they found innovative ways of overcoming them. Entrepreneur must be able to manage conditions and embrace technological advances to improve their business

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performance. These things take determination and a strong focus on the end goal. Entrepreneur should have planning skill and clear vision at all times.

## **9. Implication**

The study implies that there is a significant relationship between entrepreneurship style and business performance. Finding of this study can be used for the understanding and encouragement of young entrepreneurs to run their business successfully.

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**Web Resources**

- [https://www.academia.edu/2088661/LEADERSHIP\\_ENTREPRENEURIAL\\_ORIENTA\\_TION\\_AND\\_PERFORMANCE\\_THE\\_CASE\\_OF\\_SMES\\_IN\\_MALAYSIA](https://www.academia.edu/2088661/LEADERSHIP_ENTREPRENEURIAL_ORIENTA_TION_AND_PERFORMANCE_THE_CASE_OF_SMES_IN_MALAYSIA)
- [https://www.academia.edu/32532025/Impacts\\_of\\_Entrepreneurial\\_Leadership\\_Style\\_on\\_Business\\_Performance\\_of\\_Female\\_owned\\_SMEs\\_in\\_Dar\\_es\\_salaam\\_Tanzania.pdf](https://www.academia.edu/32532025/Impacts_of_Entrepreneurial_Leadership_Style_on_Business_Performance_of_Female_owned_SMEs_in_Dar_es_salaam_Tanzania.pdf)
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