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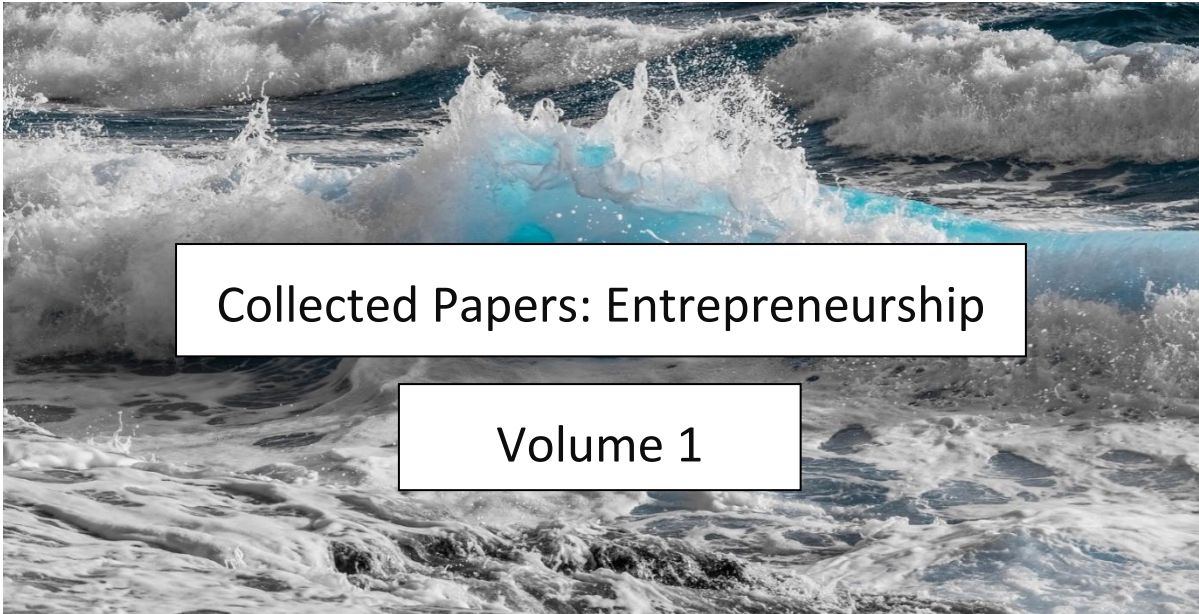
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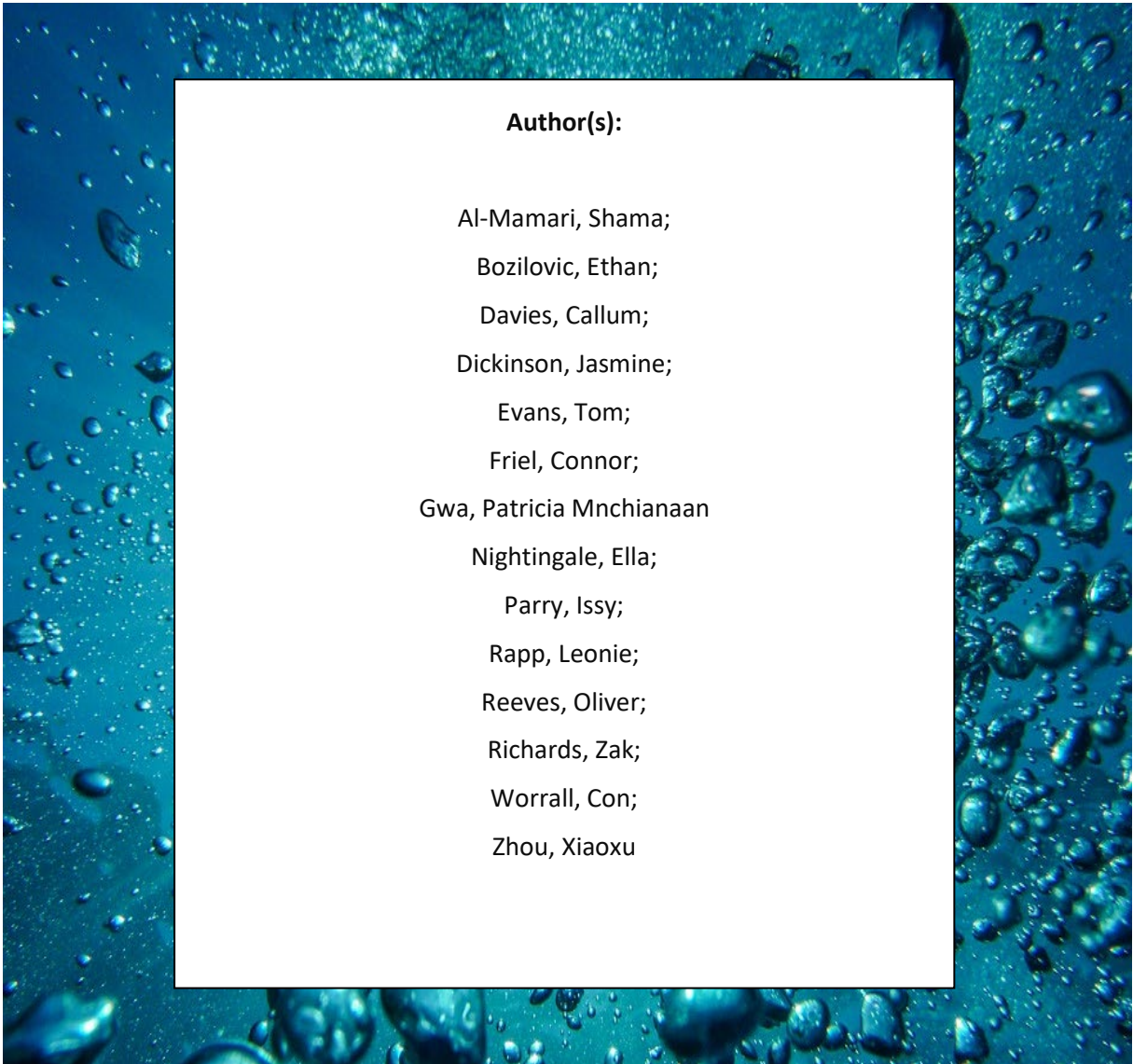
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Collected Papers: Entrepreneurship

Volume 1



**Author(s):**

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### Editorial

These collected papers serve as a student exercise in critical thinking. The aim is to explore and discover knowledge relating to differing aspects of entrepreneurship. Critical thinking skills, academic writing and the ability to build arguments are all skills we consider an essential part of our student progression. Our students understand critical thinking as an intellectually disciplined, cognitive process which involves the reflective, active analysis and evaluation of knowledge and arguments in order to develop their own defensible knowledge and arguments (Ennis, 2011; Ivory, 2021). Reading and writing are enquiries that require an action rather than just repeating what has been previously stated or done, it is an act of discovery (Dewey, 1910; Said, 1997). It is for this reason we are not offering definitions of entrepreneurship or explanations of any aspects of the challenges in entrepreneurship education and practice, we will leave this to our students.

Whether our approach to entrepreneurship education on this particular module serves to empower and emancipate (Walmsley & Wraae, 2022) or to just challenge and explore, might be open for debate. It can be argued that entrepreneurship education should be a way of action rather than a specific subject area (Jones, 2019). We don't disagree, but in this instance embrace the subject area as a means to building knowledge, skills and exploring the subject area with our students.

Editorial Panel: Professor Paul Jones, Dr. Daniel Rees, Dr. Samuel Ebie, Dr. Samantha Burvill, Corina Edwards and Naomi Prady.

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### Introduction

These essays were all submitted as an assignment for an Undergraduate module at Level 6. The module is entitled Critical Thinking in Entrepreneurship and is aimed at facilitating student development in critical thinking and academic writing. Students were required to submit a short formative assignment during the first half of the term. These assignments were then peer assessed within a two hour practical computer Lab-based workshop using guidelines provided. Marks and feedback were discussed in a feed forward exercise in order that students develop a greater understanding of the marking and feedback process but also to engage in pro-active, self-directed learning and development. This encouraged students to explore more academic writing using journals and reports, and to develop their research and analysis skills while also managing expectations. Students went on to submit a 3500 word entrepreneurship focused essay on a topic of their choice from within the syllabus. Guidelines, tips and a structure were provided alongside a marking rubric detailing the assessment criteria. The coursework brief was provided at the start of the term with ongoing support provided within lectures and seminars. Essays were marked with students selected and invited to publish based on marks, feedback and review by the editorial panel.

### Acknowledgements

We would like to thank our students for engaging in this opportunity and working so hard to produce high quality papers while in the second year of their undergraduate degree. We would like to thank our colleagues within the School of Management for their ongoing advice and support for this work. We would also like to thank Swansea University Library staff without whom this could not have been created. In particular we would like to thank Naomi Prady and Caroline Rauter.



## Chapter 1

### **Title: Management styles: Democratic leadership toward a successful teamwork in SMEs and Women- Owned SMEs**

**Author: Shama Al Mamari**

#### Abstract

The purpose of this essay is to determine whether the democratic leadership style is the most appropriate style for managing small-medium enterprises (SMEs) and whether using the democratic leadership style affects the efficiency of teamwork in small-medium enterprises (SMEs). Moreover, two main limitations of using the democratic leadership style have been identified and analysed which are time consumption and competency. Lastly, the paper concentrated on the use of a democratic leadership style in women-owned small-medium enterprises (SMEs), and how it leads to more successful teamwork. The methodology used to gather information is qualitative throughout the research that is aiming for collecting written articles, case studies, and reports which are relevant, recent, and reliable. Results show that democratic leadership is the most preferred style to be used in small-medium enterprises (SMEs). Also, three main factors must be included in democratic management and those are task distribution, employees' empowerment, and decision aiding. In addition to this, it has been proved that leadership style is one of the factors that impact the efficiency of teamwork. Also, other factors discussed in the paper have shown their role in leading to effective teamwork, and those are involvement, trust, respect, and motivation. Regarding the limitations of the democratic leadership style, results indicate that democratic leadership must not be used in urgent decision situations, and it is a management style that is only suitable in times were decisions are not a rushing matter. Moreover, results indicate that skills and knowledge level as well as the misunderstanding of members of the task that needs to be done are what can cause inefficient decisions. The study suggested conducting clear guidance and clarification of tasks in order to overcome this problem. Finally, results show that women use a democratic leadership style as a managing style while men are more into the autocratic leadership style in small-medium enterprises (SMEs). However, the focus was on women and how do they manage using democracy. It has been shown that women's small businesses are in an increase and more successful, due to the application of the democratic leadership style. In conclusion, the implications of this research are that democratic leadership should be used in small and medium enterprises (SMEs) because it is the most effective style. Also, democratic leadership includes all the factors that lead to an effective team, so we conclude that democratic leadership generates more effective teams. In addition to that, the role of women as leaders of small and medium companies must be strengthened because the principle of women in management is democracy.

#### Keywords

Democratic leadership style, effective team, teamwork, small-medium enterprises, Women leadership, decision making, participation, involvement, motivation

Introduction:

A firm success is highly dependent on its management system. The management system of a company must follow a style in order to make decisions. Sulich et al. (2021) mention that management style and decision-making contribute to forming the firm's culture and affect its performance. There are different management styles that could be applied in firms to help them grow. The three main management styles are autocratic leadership, democratic leadership, and transactional leadership (Wijesinghe, 2021). Each leadership style of those three styles follows a different approach than the other. The table below briefly describe each leadership style.

Leadership style: Autocratic leadership, Democratic leadership, Transactional leadership

Description: Transactional leadership is highly dependent on rewards and punishment, where leaders reward members who get the activity right and punish those who make mistakes. In the autocratic leadership style, the decision is taken by the leader where the power is concentrated, without discussing it with team members. In other words, teamwork in decision-making is absent when using an autocratic style. The democratic leadership style is the process where all individuals participate in discussing the decision. In the democratic leadership style, teamwork is always present, where the leader takes the final decision according to the team discussion. (Martin, 2015; Deichmann & Stam, 2015; as cited in Jones, 2021; Uzohue, 2016, as cited in Hossin et al., 2022; Ebrahim et al., 2022)

The democratic leadership style has proven its efficiency in small-medium enterprises (Nnenna, 2021). It is also the best style for effective teamwork. As mentioned in the definition of democratic leadership, this type of leadership includes the involvement of group members of small-medium enterprises in the discussion of decision-making (Hintośotvá & Bruothová, 2022). The characteristics of democratic leadership are highly connected with effective teamwork factors. For example, Democratic leadership provides trust and respect between members which in turn motivates them to participate and get involved in the discussions (Mulawarman et al., 2021). However, time and efficiency are some of the barriers that the democratic leadership style is dealing with (Lockwood, 2021), which can be improved. In addition to this, Women as leaders in small-medium enterprises prefer to use democratic leadership as a managing style (Martinez-Rodriguez, 2020), which resulted in having a more effective team and more successful enterprise.

Democratic leadership:

Democratic leadership, or what it calls participating style is all about the leader's enhancement of members to participate in the decision-making process. Most employees prefer to have democratic leaders where they get informed about a decision and the full explanation of why a decision has been taken (Putra & Cho, 2019). Liggett (2022) simplified the definition of democratic leadership as a "team-oriented, normative process", which gives each team member a clear role in the decision-making process. While Goleman defined the democratic leader as a one who listens to doubters and formulates a general agreement by participating in discussion (Goleman, 2002, as cited in Fakhri et al., 2021). In other words, the democratic leader is basically the person/ leader who collaborates with team members in order to make a decision. Much research shows that democratic leadership is the dominant style in small-medium enterprises. For instance, Dorogaia (2022) mentions that democratic leadership is the most preferred style by small-medium enterprises. Also, Akonkwa et al. (2022) state that only democratic leadership positively impacts the performance of small-medium enterprises. Another study done by Mihai (2021) to determine the dominant leadership style in small-medium

enterprises shows that democratic leadership is the most used style in small-medium enterprises. Thus, democratic leadership positively impacts small and medium enterprises.

The participating leadership style can be efficiently used in firms with specific features. For example, it is effectively used in companies that highly depend on creativity and innovation (Leonard, 1987, as cited in Abdullahi et al, 2020). Democratic leadership requires employees to apply their creative ideas to the decision-making process in order to come up with the most effective decision. Studies indicate that creativity and innovation are the foundation of any small-medium enterprise's success (Juliana et al., 2021). Also, creativity and innovation have a positive impact on small-medium enterprises which speeds up the process of business development and revenue increasing (Elali, 2021). Therefore, the democratic leadership style suits small-medium enterprises, where innovation and creativity are present. In addition to this, the democratic leadership style is better used in companies with low power distance and high uncertainty avoidance companies, (Nedeljo & Potocan, 2021). To illustrate, democratic leadership fits perfectly in businesses where power is equal between members and leaders as well as businesses where there is time to discuss the decision and not take it immediately. Small-Medium Enterprises are good examples of the application of low power distance and high uncertainty avoidance (Kljucnikov et al., 2020). The presence of low power distance in small-medium enterprises enables positive responses from employees toward better work attitudes and behaviors (Zhang et al., 2021). In other words, low power distance increases the level of confidence between members to participate in decision-making, which is also done by democratic leadership. Also, a study done by Khan et al. (2021) proves the significant impact of uncertainty avoidance on small-medium enterprises, where low uncertainty culture in a workplace offers few rules and makes members more relieved to share their opinion, just like what democratic leadership style is aiming for. Thus, it is preferred to apply a democratic leadership style in small-medium enterprises.

Democratic leadership factors:

The framework of democratic leadership consists of three main missions. Gastil mentions that those three missions are: distributing, empowering, and aiding (Gastil, 1994, as cited in Fakhri et al., 2021). Also, Nedeljo and Potocan (2021) mention that distributing responsibilities, empowering members, and aiding their thoughts are how democratic leadership functions. Power must be almost equal in democratic leadership in order to be efficient. Therefore, all members must be involved in the decision-making process in enterprises that use a democratic style. Al Kajeh mentions that in small-medium enterprises, opportunities are offered for members to share and implement their creative ideas by participating in the decision-making process (Al Kajeh, 2018, as cited in Nyambura, 2021). In the democratic leadership style, leaders delegate tasks to members and offer guidance, then give them the full responsibility to achieve the tasks. This is done in small enterprises, where there is a division of tasks to facilitate the decision-making process as well as better lead the firm (Szilágyi & Menyhárt, 2022). Thus, the distribution of responsibilities is important in the democratic style.

In addition to the distribution of tasks, feeling empowered to perform in the democratic leadership style is an important aspect. Empowering members in the democratic leadership style is done by letting them participate. The idea of democratic leadership encourages members to participate and share their thoughts (Kim et al., 2021). Democratic leaders valued the idea of members' participation (Hsieh et al., 2021). A study done by Tahiri et al. (2021) shows that small-medium enterprises allow

and support the participation of members in the decision-making process. In other words, all members of small-medium enterprises have the right to state their opinion and argue with each other to take the best decision. At the end of the discussion, leaders are taking decisions regarding what members discussed, which call aiding decision in the democratic leadership style. This means the democratic leader can get assistance from the ideas of employees to take the final and most effective decision (Mishra et al., 2022). A study done by Munga et al. (2021) to examine the influence of democratic leadership in small businesses shows that empowering group members are an important part of democratic leadership. Also, they found out that using democratic leadership makes it easy to divide responsibilities between employees, which results in better performance by creating job values and encouraging creativity. Therefore, it has been proved that democratic leadership enhances all members to take part in achieving the goals of small-medium enterprises.

### Effective Teams Using Democratic Leadership:

Strong leadership is the foundation stone for building an effective and successful team. Alifah and Sukmawati (2021) claim that the presence of an appropriate leadership style in the management system of small-medium enterprises is what guarantees its success. Additionally, Newman and Ford (2021) state that it is more flexible to let all members take a leadership role than only having one strong leader. In other words, it is argued that giving each member of a group a role of leadership is better than just letting one leader take the decision. As mentioned before, in the democratic leadership style, the distribution of leadership increases the sense of responsibility of each member. Akonkwa et al. (2022) Study indicates that democratic leadership is the strongest leadership style to be applied in small-medium enterprises to make team members perform better. Therefore, by applying a democratic leadership style in the management system of small-medium enterprises, a team will perform more efficiently, and a successful enterprise will be built.

In effective teams, everyone has a feeling that they participate in the success of a business, and this involvement is built through respect and trust. In the democratic style, the goals are created by all team members rather than the leader only (Moneva & Pedrano, 2019, as cited in Kotamena et al., 2020). Thus, compared with other leadership styles, democratic leadership creates a more effective team. Also, Teixeira et al. (2023) mention how much the democratic style in small-medium enterprises cares about including all members in the discussion. Trust and respect are other key factors of effective teamwork. Teamwork is about helping each other and in order to do this in an efficient way trust and respect between members of small businesses must be presented (Paul, 2022). One of the four core principles of the democratic leadership style is the trust and respect built through the positive relationship between members themselves and their leader (Liggett, 2020). Thus, Respect and trust between people in small-medium enterprises business enhance the understanding between leaders and employees.

Other key factors that lead to effective teams are support and motivation. Studies show that a high level of motivation can lead to better behaviors (Vu et al., 2022), thus leading to better performance, which in turn creates a more successful team. Another study conducted by Caniels et al. (2019) proves the importance of encouraging employees to collaborate in teams. Moreover, 90.9% of SME leaders think that enhancing employees' participation is essential for a more effective team (Haryanto et al., 2022). In the democratic leadership style, support and motivation are always present. The idea of

democratic leadership is all about encouraging members to participate in the team in order to make a decision (Kumar & Bhatti, 2020). Additionally, the case study of Bulturbayevich (2022) on developing and improving motivation in private enterprises shows that the application of democratic leadership motivates employees to work through the involvement of the team in making decisions. Therefore, the democratic leadership style is using motivation and support in order to successfully build an effective team.

### Drawbacks of Democratic Leadership:

One of the main problems facing businesses that are using democratic leadership is the time taken in the decision-making process. Fakhri et al. (2021) state that a significant barrier democratic leadership deal with is time consuming. The case study of Le and Nham identifying the benefits and barriers of the different leadership styles in 51 Vietnamese small-medium enterprises suggested that the decision-making process in small-medium enterprises using a democratic leadership style is time consuming (Le & Nham, 2021). As mentioned previously, in the democratic leadership style, a leader must listen to the different arguments of members which in turn slow down the decision-making process. In most cases, when taking a decision using the democratic style, meetings are required as well as a long time to agree on one opinion (Lockwood, 2021). Decision-making using the democratic leadership style takes a long time in listening to others, however, the time spent listening to different opinions from all the group members increases the efficiency of the decision (Sulakkana & Weerasinghe, 2020). To have an effective decision using the democratic leadership style, an effort must be put into the discussion (Ojokuku et al., 2012, as cited in Hilton et al., 2021). Le and Nham (2021) also mention that in small-medium enterprises urgent situations, using democratic leadership might lead to the failure of making decisions due to the slow process. We conclude that democratic leadership works more effectively when there is sufficient time for decision-making, and it should not be used when the decision is urgent.

Another key drawback of democratic leadership is the competency of decision-making. Nwachukwu includes competency as one of the five basic challenges of democratic leadership that needs to be overcome in order to have an effective system of leading (Nwachukwu, 2020, as cited in Aisha, 2022). There are many reasons that lead a company to take inefficient decisions while using the democratic style. As mentioned before, task distribution between members is a key factor to ensure that everyone is knowing what should be done. Indian small-medium enterprises have witnessed slow progress toward the global market, due to the lack of skills and experience necessary for decision-making by its members (Prabhu & Srivastava, 2022). Moreover, Sariningsih et al. (2021) prove that the lack of creativity, innovation, and skills leads to the small-medium enterprises failure. Anwer et al. (2022) mention that the democratic leadership style can prove counterproductive if there is a lack of skills to make decisions or if tasks are not clear to members. To illustrate, democratic leadership is depending on the involvement of members rather than only taking a decision by the manager. The decision quality is highly dependent on members, and their performance where there is a direct relationship between them (Ichsan et al., 2021), in addition. To this, understanding tasks also controls decision efficiency. Thus, by having low skills and no understanding of duties, a failure probability of decision become high. Small-Medium enterprises must aim for skilled employees and offer clear guidance for each employee role in order to overcome the problem of incompetent decision.

### Females-Owned small-medium enterprises (SMEs):

Leader gender plays an important role in determining the appropriate style of leadership in an organisation. The way women lead is different than the way men do (Pullen & Vachhani, 2021). Recently, there has been an increase in the involvement of women in countries' economies which is noticeable from the increase in the small-medium enterprises that are led by women (Carvalho & Fernandes, 2019). As mentioned earlier, the democratic leadership style is the most preferred style in small-medium enterprises that leads to effective teams and successful enterprises. It is clear that women are stronger in the leadership styles on which the performance of companies depends, as women have a lot to add to enterprises (Akonkwa et al., 2022). Studies done by Eagly and Carli concluded that women in small-medium enterprises tend to have an approach that relies on building personal relationships between them and members as well as using democracy, unlike men where they use methods that are more focused on tasks than relationships (Eagly & Carli, 2003, as cited in Mahmood et al., 2022). In addition to this, women use democratic leadership where they care about members by listening to them and seeking their satisfaction through teamwork (Garcia-Solarte et al., 2018). This shows how women adopt the democratic leadership style in order to manage enterprises. Effective team factors have proven their presence in small-medium enterprises that are led by women. A good example of this is the support and motivation members get from their leaders in female-owned companies. Nurillah states that there is supportive leadership behaviour among women entrepreneurs (Nurillah, 2021, as cited in Hoque & Islam, 2022). Thus, small-medium enterprises tend to have more effective teams when the leader is a woman, due to the effective use of the democratic leadership style.

### Conclusion:

This article discussed the efficiency of using the democratic leadership style in small-medium enterprises in order to create a successful team in a successful enterprise. The article explained the meaning of democratic leadership which is about the involvement of members in the decision-making process. Democratic leadership style in small-medium enterprises depends on three basic elements: task division, member empowering, and decision aiding. In task division, the responsibilities will be allocated between group members with guidance from the manager to clarify tasks for members. Moving to the empowering step, where leaders let members participate and argue while feeling comfortable talking. In small-medium enterprises that use democratic leadership, participation is valued by leaders. Associating decision-making is done by listening to all members' arguments toward deciding the best decision.

The paper proves the efficiency of teamwork in small-medium enterprises that use democratic leadership as a management style. The first factor to consider in order to have a successful team is the leadership system. Small businesses perform better by using the democratic leadership style where there is a space for discussion and opinions sharing. Another key factor that leads to effective teamwork is employees feeling that they are part of the overall company's accomplishments. When identifying the goals of small-medium enterprises using democracy, all members participate rather than the leader only. Also, trust and respect stimulate members to share their creative ideas and therefore take better decisions.

However, there is some limitation that democratic leadership is facing, which are: time-consuming and the efficiency of a decision. Democratic leadership style is not a suitable choice in situations where businesses need to take an emergency decision. This is due to the long time spent on discussion and listening to members' opinions. In order to eliminate this problem, an effort must be put into the discussion. Sometimes, the decisions taken by using democratic leadership are incompetent. This situation appears when there is a lack of knowledge and skills between members or a lack of task understanding required from them. Thus, a leader must ensure that everyone needs to understand and take responsibility for the task given. Also, employees with the essential needed skills must only be a part of the group discussion.

The paper also mentions the use of the democratic leadership style in firms that are led by women, where studies prove that women tend to be more democratic and care about the personal relationship between them and the group they are leading. Thus, more efficient teamwork is present in women-owned businesses. Overall, democratic leadership is the best leadership style to be used in small-medium enterprises, to make groups more efficient and successful.

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## Chapter 2

### **Title: How Leadership Management Affects Entrepreneurial Success**

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#### Abstract

The impact which leadership management has on entrepreneurial success is an important topic that has been studied by many respectable journalists and writers. The main purpose of this journal article was to investigate how leaders can impact the success of a business, and the many ways in which this can be done. This was achieved through the study of secondary sources, which allowed for multiple opinions from different authors, which were compared against each other to fit the context of this piece of work and identify key strengths and weaknesses which arise from different managerial decisions which can be made by a leader. The paper also discusses different management styles which can be put in place by leaders, how this affects variables that contribute to or hinder entrepreneurial success, as well as motivation and the role this plays regarding this topic.

#### Key Words

Leadership, management, entrepreneurial success, motivation, management styles

#### Introduction

There were an estimated 333.34 million companies worldwide as of 2021 (Clark, 2022). Amongst this large crop of enterprises exist leaders pursuing different aims and objectives, with different methods of controlling their employees, and employees with different ranges of skillsets and talents, with varying work ethics, productivity, care, and value of their job. In simpler terms, there are many diversifying factors within entrepreneurship, which can impact the success that a business going to incur. Leaders have a key responsibility within entrepreneurship to manage and control an organisation and its workers to the greatest extent possible. This journal aims to explore how leadership management affects the success of entrepreneurial success and will do this through the comparison of different management techniques and motivational factors, with information from respective journal articles and case studies. To truly investigate the affect leadership management has on entrepreneurial success, it is necessary to know what these key terms mean. So, what is leadership? Well, Roger J. Plachy and Timothy L. Smunt define a leader as somebody who guides or directs others but believe is only deserving of this status through successful engagement with colleagues (Plachy et al, 2022, p.402). They separate this definition from management, which they define as someone who is bringing discipline to a situation, through the organisation and deployment of organisational structures and processes (Plachy et al, 2022, p.402).

The final term of importance is entrepreneurial success. Success on its lonesome is clarified as achieving the results which were aimed or targeted, as defined by the Cambridge dictionary. in an

entrepreneurial context, this relates to what a specific organisation or businessperson is wanting to achieve. A good indication of a business's purpose is its mission statement. For example, IKEA's mission statement reads "To offer a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them" (IKEA, 2022). This mission statement makes it clear that IKEA strives to provide good quality home furnishing products at a cost low enough for the average person to afford. Thus, they would measure success through the cost of their products, the accessibility to a mass market of customers, and the number of sales made. Even so, profitability is the most crucial aim, as there would be no way to finance the organisation without this, and so it wouldn't be possible to strive towards the measures of success. In comparison, Oxfam would base its success largely on solving world issues or third-world problems. Whilst they would not seek any profit for their work, they would rely on funding from donors to allow them to conduct their work and push for success. Oxfam's website notes that they imagine a world where girls are safe from discrimination and violence, and the climate crisis is prevented (Oxfam, 2022). These are instances of global problems which Oxfam would target solving as a charitable organisation and would need funding to make this possible.

### Motivation

For a business to reach its maximum potential, it is necessary for every employee to work efficiently. Motivating employees is important as it means they will take their job more seriously and get a larger amount of work done. This applies to all respective organisations, regardless of whether it's a household name like Amazon with over 1.6 million employees worldwide as of 2021 (Coppola, 2022), or a local family business with a handful of employees. The term 'motivation' is the driving force behind a person's actions, which can be a reward, incentive, or feeling of accomplishment (Cherry, 2022). Managers within corporations have a responsibility to motivate their staff, and there are several key factors that influence this. Job satisfaction plays a key role in this. Job satisfaction put in simpler terms is the fulfilment a person feels from the act of performing their job or role. Bayad Jamal Ali and co discuss job satisfaction and its link to motivation, and this is a reasonable connection from the use of Anwar's older description, as a feeling of job satisfaction will positively influence the motivation of oneself (Ali et al, 2021, p.22). Kollman also recognises the importance of job satisfaction regarding motivation, explaining how job satisfaction relates to key business outcomes, one of which is job performance (Kollman et al, 2020. p102). The link made by Kollman is correct, as an increased level of enjoyment during work will lead to an increased level of job satisfaction, which will therefore positively influence an individual's motivation toward their job. Even so, it cannot be said that the relationship between job satisfaction and entrepreneurial success is always positively correlated; it is rather a contributing factor.

Maximising employee job satisfaction and motivating them to work to their potential does not confirm success. Whilst improving work conditions and prioritising the job satisfaction of employees is a good thing, it does not guarantee entrepreneurial success. Employees who have high job satisfaction may get more work done due to increased motivation, such as putting more stock out in a retail store, however, the main forefront of success in most organisations is based on profitability, which will come from customers, or in terms of charitable, non-profit organisations, it will come from donors. Managers must get the most out of their workforce, and in most cases, the success of a particular organisation can be positively impacted by a leader. A manager operating in retail can ensure that their employees have filled up stock within a store, and promotional items are in easy-to-see locations to attempt to maximise sales, but most of the financial success is going to come from the quality of products or services on offer. This side of the business is the responsibility of the owner of the business, rather than the manager(s).

Whilst it is key for a leader to enhance motivation to target achieving entrepreneurial success, it is not as influential as some might think. Amazon's turnover of 150%, double the industry average, indicates how unpopular the working conditions are there (Segal, 2022). One employee of Amazon offered an insight into what it is like working for the organisation, claiming that Amazon's productivity quotas and enforcement of rules play a big role in the lack of job security which sees Amazon have a high turnover. A notable mention within this was the unreasonable "time off task" metric, where Amazon can allegedly terminate an employee's contract if too much of this is accumulated (Sainato, 2022). This is not ethical, as a worker may need to go the restroom, hydrate their bodies, or may just be struggling to find a particular item, as is the case in this article. Littrell claims that any time he struggled to find a particular item during his job, it counted against him, even though he was trying to do his job (Sainato, 2022). The seemingly unrealistic targets for staff in organisations utilising autocratic management can negatively impact motivation levels, which will lead to reduced productivity. Regardless of the low level of motivation of employees in organisations like Amazon with an autocratic management style, plenty of entrepreneurial success is still achieved, with their recent net incomes in 2021, 2020, and 2019 being 33,364, 21,331, and 11,588 million U.S. dollars respectively (Coppola, 2022). This downplays the importance of employees and their production rates and the impact they have on entrepreneurial success, however it is debatable that organisations that have employees with more qualified skill sets with more important tasks may depend on them more, and thus in those organisations, motivation will play a bigger role.

### Leadership Decisions

Managers are one form of leader within entrepreneurship, owners are another. Perhaps more important, due to a much larger liability, they need to provide good products or services to ensure they can be profitable, and to do this, it is key they set out a solid foundation so that the manager(s) they employ set a good example and get the most out of everyday employees. An owner needs to make sure that good procedures are in place in all sectors of the business.

For a business to strive to reach its goals and be as successful as possible, it will be necessary to employ staff of the highest capabilities. Due to this, it is vital to have a high-quality selection and recruitment process. Without this, a company would be prone to hiring unsuitable candidates who may lack "essential knowledge, competencies, and abilities". (Radhika, 2022, p.159). As a result of this, an organisation would be ineffective in terms of production, as employees will not have the correct skillset to carry out a particular job. This would risk impacting the entrepreneurial success of a business negatively, as employees with an incorrect skillset for a particular role will not be effective, and so will be less efficient and likely work to a lower standard. Kieu Thuy Tien recognises this, explaining how unqualified staff will lack the necessary knowledge required to provide satisfactory service. He states that this can then cause customers to become less satisfied due to poor performance. (Tien, 2022, p.62). This is a reasonable analysis, as people cannot provide a good service if they are not qualified, as Tien also notices (Tien, 2022, p.62).

Job experience is another element that should be considered within a recruitment and selection process. A longer period of relevant job experience is beneficial as it means a candidate or recruit is likely to have more practice in skills such as teamwork and communication. Also, they will probably be more effective in their job. As the adage goes, 'practice makes perfect'. Continuously doing something is going to breed confidence and familiarity. Put simply, someone with years of job



experience is highly likely going to be much better at their job than a newer employer. This can save a business from paying unnecessary training costs, which will mean healthier financial documents.

### Organisational Structure

Leaders who take a transformational approach to management would encourage innovation. A transformational management style gives employees a level of authority over decisions that need to be made in their respective roles, and encourages them to be innovative, whilst giving them the responsibility of finding solutions to problems they may face (White, 2022). This gives employees the chance to be more involved in core aspects of the business, ranging from product innovation or suggestions to improving the management of the team. This added level of trust and freedom will usually have a positive impact on employees and their job satisfaction, which will lead to more motivation to work, which will therefore positively impact business performance. not just because of the added responsibility, but also the less repetitive jobs which usually stem from this. Jaroliya and Gyanchandani found that a transformational approach to management creates special bonds between leaders and team members which encourages and motivates them to work to their highest level, and this is a benefit of this management style (Jaroliya et al, 2022, p.89). Plachy believes that managers do not become leaders until followers agree to follow, not when the managers simply step forward with directions (Plachy et al, 2022 p.401). Managers who operate using a transformational management style are essentially attempting to get employees on their side so that they do follow their lead, which is exactly what Plachy suggests a leader is.

Likewise, to a transformational management style, a democratic management style also leads employees through leaders with open minds. Democratic leaders usually look for feedback and input from employees (Srivastava, 2022). Fakhri and co have a different view on this, stating that tasks are distributed equally amongst employees, with the status of employees not coming into question (Fakhri et al, 2020, p.804). This is arguably the better definition, as when a team is treated equally and leadership is not misused, employees will be at their happiest. A democratic management style occurs when ideas are welcomed within a team and are communicated with each other (Cherry, 2022). This offers the same benefits as a transformational management structure.

Within a business, a leader needs to select an appropriate management style to ensure the business is best set up to achieve success. Different organisations would best utilise varying management structures, with the two extremes being autocratic and democratic forms of management respectively. An autocratic management style exists with a very clearly defined leader. It is defined as a style where a leader holds considerable power and has the most influence in the decision-making process (Malec, 2022). Within teams utilising this management structure, the leader will have control over the decisions that impact a team without allowing much, if any, input from group members (Nickerson, 2022). Within an autocratic organisational structure, there are strict rules and procedures which must be followed. There is little to no room for input, and employees simply must do what they are told. This can often make employees feel as if they are unable to contribute to the decision-making process (Nickerson, 2022). This can make employees feel both unwanted and unhelpful, and that they are wasting their set of skills. This can cause employees to become demotivated due to a low level of job satisfaction. Another negative impact of this management style is the decrease in group morale which can be caused, which is rightly recognised by Charlotte (Nickerson, 2022). Nickerson argues that

the structured environment of an autocratic organisational structure increases efficiency due to it being clear who is in charge. This isn't strictly correct, as it will be down to the employees on how much work they choose to do. However, a leader can attempt to enforce this through incentives, whether this is a bonus or a threat of dismissal if performance is not improved (Nickerson, 2022). To add to this, the lack of input an autocratic leadership style allows means there is a potential for missed ideas. Transformational management structures on the other hand allows input from employees, which can lead to the formulation of good suggestions. L'Oréal for example allow input from their employees in the form of a yearly Brandstorm, in which many of their employees put forward ideas that the business could release (L'Oréal, 2022).

Regardless of the negatives an autocratic management style possesses, it is still the most common structure within the workplace. This is because a large proportion of jobs today are repetitive, easy, and not at all complex or challenging. Retail jobs for example may include putting products on shelves, and this may be the sole task a worker has. Because of this, a manager would simply want them to put all their focus on this and never have their mind elsewhere, and this links back to the need for success in business. An autocratic style of management works well in the retail industry most notably, as the tasks employees will face require a very low standard of problem-solving skills, and thus there is not much need to check in with them apart from giving tasks, nor is there much need for communication or feedback. Grocery stores like Tesco's for example cannot sell their product if they have not been placed on the shelves in-store, and so they will force their employees to focus on this and likely not let them contribute in more knowledgeable, challenging areas, such as the running of the store and how to improve operations. Maintaining an autocratic management style makes sense in scenarios like this, although it is unfortunate how common it is, as whilst it usually allows a business to build a successful foundation, it can be very tedious for employees consistently repeating the same task over and over.

A business known very well for its autocratic management is Amazon, and this follows from Jeff Bezos' desired leadership style, the owner of Amazon. For the lowest level of employees working at Amazon, of which would be the majority, tasks consist solely of putting stock away, or taking it out and placing it at a collection centre, depending on whether you are given the role of a picker or a stower. Everyone utilises a technological 'gun' whilst doing this, which tracks how much they have done on an hourly basis. Targets are set quite high, with the Amazon Swansea branch demanding at least 100 stows an hour. Any less than this and a manager will tell you off, regardless of any reasoning. Apart from this, there is no communication with anybody, just a lonely ten hours per shift doing the same thing many, many times. This is the reality of an autocratic management style and is the reason Amazon has such a high turnover. Whilst Amazon is a hugely successful company, it can be argued that this is costing the company some portion of success, with their turnover being 150%, double that of the industry average (Segal, 2022). This costs the business \$8 billion annually, however, their business model also allowed them to make 33.364 billion net income in 2021 (Coppola, 2022). Lowering this turnover figure would allow them to cut costs in terms of constantly training new employees, however, it can be argued that their profitability comes from working employees to the bone, which justifies why such a large quantity leave each year. Lowering the turnover of this business would likely harm the profit margins too, with employees having lower targets to reach.

Much unlike the autocratic management style a transformational approach aims to best utilise the strengths within a team, and in the words of Chioma Ugochukwu, “relies on the encouragement of a team to realise overall success” (Ugochukwu, 2021). This statement is interesting, as it suggests that this management style achieves its success by creating ideal work scenarios for each employee, based on their talents and skill sets. In many ways, this assessment of a transformational management style is correct, as giving roles and tasks to employees based on their top talents is going to mean they can maximise their efficiency. Consequential to this, they are going to be more comfortable in their role as it is given to them based on their strongpoints. Many researchers have investigated a linkage between strengths and employee engagement, with Brim concluding that there is a positive impact on engagement when strengths-based development occurs (Brim, 2019). Brim discusses a study Gallup had previously carried out within this journal, which discovered that strength-based development leads to between 9 and 15 percent increase in engagement amongst employees (Brim, 2019). This suggests that organisations can get more out of their employees by focusing on their strengths; they will be more comfortable in their job and thus have added motivation to work.

### Conclusion

The outcome of this research signifies the importance of the few points discussed above. Firstly, it is evident that employees tend to dislike working in an autocratic management style, and this is proven through a Gallup study which found employees are 9 to 15 percent more engaged on the job when they are utilised effectively (Brim, 2019). This is not a common occurrence in an organisation where leaders deploy an autocratic management style, as employees are demanded to do repetitive and easy tasks which are not very challenging and do not allow for a worker's strengths to be utilised. It was evident through research that this can be very impacting on the motivation employees have whilst working, and that more positive managerial structures, namely transformational and democratical respectively, can have a much healthier impact on employees. This is not solely linked to the tasks employees are carrying out, but also the nature of feedback and input which is common practice within these two structures, which can allow a person to offer their school of thought. This feeling of involvement allows an employee to feel valued and useful, which can boost their morale. To expand on this, it also offers an organisation extra opportunity for innovative ideas. Intrapreneurs have produced some very successful ideas in recent years, with the most notable one being L'Oréal. They give their staff a platform to contribute to potential products or ideas which they could introduce within the business and get rewarded for.

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## Chapter 3

### **Title: The Impact of Innovation on a Business's Success**

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#### Abstract

The purpose of this paper is to understand the impact that innovation has on a business's success. During this paper there are four key questions that were covered throughout, which comprise of 'how can a business drive innovation to become more successful?', 'Is innovation crucial to success?', 'What is key for a business to be innovative?' and 'Can innovation provide success on its own? or are there factors that help enhance it?'. This paper aims to critically analyse literature on the topic of innovation being key to success to gather a deeper understanding of the impacts that innovation has and what other sources also help a business to become innovative successfully using a range of examples and ideas that have provided research and give a further development of how innovation can and does create success through the key questions that have been identified and said above. This paper will critically analyse multiple perspectives, allowing an overall understanding of the impact of innovation to a business's success and add another review and opinion to the vast research and literature that has already been conducted around this topic. Through comparing and analysing previous literature this paper has discovered that innovation has a massive impact on a business's success creating a positive correlation between innovation, success and growth. This paper discusses both innovation and the external factors too outline how a business is able to generate success through innovation. From reading the literature I have understood that the research methods they have used is a combination of both evaluating and questionnaires from other businesses to outline how they specifically gained success from changing their business plan and strategy to innovate. The research papers evaluated certain locations such as the United States, Australia, and other locations to allow this paper to come to a more rounded conclusion where multiple industries and economies gave different effect and the ease of innovating changed dependent on this. This paper shows that further research is needed to show the full impact of innovation providing success on its own and if an SME or MSE can do it alone with no external help from other sources such as government bodies and programmes.

#### Keywords

Innovation, Resources, Businesses, Success, Market and Firms

#### Introduction

The topic of this journal article is discussing the impact that innovation has on a business being successful and growing in its chosen market. Innovation is "the implementation of any new or significantly improved product, operational, any new marketing, or new organizational or managerial methods or processes in business practices, workplace organization or external relations." (OECD and Eurostat, 2005). Innovation is what a business needs to be and need to work towards. Pisano (2019) states that "a culture conducive to innovation is not only good for a company's bottom line" however, he also states that an innovative culture is "hard to create and sustain". This is further supported by

Henderson (2017) who states that Innovation is vital in the workplace because it gives companies an edge in penetrating markets faster and also stating that an innovative culture allows for easier growth. And finally, Pang (2020) who concluded that The world urgently needs more innovation-driven solutions but believes that there can be certain levels of uncertainty which is why a solid evidence base is needed such as Research and Development. Innovation has have a significant impact on a business's success. Through multiple types of innovation with the push from businesses, government and large corporations driving markets and economies to become more innovative and giving greater opportunities for Small and Medium Enterprises (SME) to grow and be successful. However, the findings also show that innovation may not be able to work on its own and that there are other factors that help make innovation successful and allow it to work within each business. Furthermore, it also concluded that more businesses have the opportunity to become innovative through certain choices in their business model such as the intensity of capital versus labour, the technology available and used, the practises taken, and the skill of workers selected. However, due to their lack of capital and resources available it may be hard to become innovative through just their own resources.

### Driving innovation for success

Businesses use a large variety of resources and skills to drive innovation. Firstly, they can introduce innovations that make more intensive use of capital (i.e., machinery, etc.) and in turn reduce the proportion of human labour used, or they can introduce innovations that raise the marginal productivity of labour and diminish the incentives to invest in capital (Bresnahan, 2002). However, this only equates for half of the story because innovation always has the potential to change the nature of work in such a way that existing workers can no longer perform it or be able to keep up with the speed and intensity required by the business – this is known as the theory of induced technical change (Tether, 2005). From this it shows that the skill of the employees makes a significant difference. This is supported by a collection of literature that has investigated the hypothesis that workforce skill levels are positively related to innovation and productivity (e.g., Wensley, 1999; Wilson and Hogarth, 2003; Mason, 2004). It follows that if the stock of skills improves, this might stimulate firms into upgrading their strategies and move up the value chain. However, it may be harder for SME's and MSE's to attract these high skilled employees due to the large corporations offering better packages to the same candidates. However, certain employees are needed to match the skills for innovation, meaning they need to know how to make use of external sources of innovation (OECD, 2005). These external sources are increased use of technology, changes in organisation practises and the changes in products and services. These together are the technical changes that need a higher skilled labour mix from a firm's employees (Bresnahan, 2002). However, in the current market there is a lack of skilled employees that can help innovate to make a firm's products and services become more up market. The real drive of innovation is heavily to do with the businesses employees and their skill set and level but also the ways they change their ways of working to push innovation further and align it with innovation itself.

Another driver of innovation comes through R&D and the collaboration of firms. The Nelson and Winter model states that if R&D can be organised to create the sources of innovation. It shows innovation to be a path dependent process where knowledge and technology are established through collaborations. This is known as the evolutionary approach (Nelson and Winter, 1982). This is further supported by De Martino and Magnotti who found that partnerships between the firms, academia and research institutions were crucial in boosting the innovative capacity (De Martino & Magnotti, 2017) and again by Grunert who found that the interaction between R&D, market orientation and collaboration are major determinants of innovation (Grunert, 1997). Grunert can also be supported

by further research that shows innovative companies to have an innovative orientation and an innovative strategy as part of their overall business framework. Factors that are important to this are a well-developed, and detailed corporate strategy as well as a balanced approach to short, and long-term aims (Beaver & Prince, 2002; Laforet, 2009). In recent years, this idea has been implemented in Australia through their Food and Agriculture Growth Centre. This was set up to encourage collaboration and innovation in the industry involved (DIIS 2017). The centre sets up plans, activities and strategies to drive innovation, productivity and competitiveness to help supply strong futures for all the businesses involved. From this it concludes that with R&D they can have a greater understanding of how to be innovative and what will work for them to successful innovate (DIIS, 2017). Furthermore, through collaborating with projects and firms like the food and agriculture growth centre they have more funding and support to implement innovative ideas and practices to make the successful transition to an innovative strategy and ways of working in the workplace.

### How Innovation is Crucial to Success

For Small and Medium Enterprises (SME) innovation has a massive impact on whether a business has the capabilities to be successful and due to them usually lacking finance, resources and skilled labour, it is then crucial for them to be innovative to achieve competitive advantage (Mcmurray, 2021). Innovation allows a firm to fully maximise the utility of their available resources to make up for their lack of finance, resources and skilled labour (Quaye & Mensah, 2019). Thus, businesses have to become creative and use their own elements to run effectively, the challenge is then changing these components into an innovative framework that still allows the business to run successful and align with its objectives (Skarzynski & Gibson, 2013). A keyway for SME's and MSE's to make innovation successful is to use it to create sustainable competitive advantage to allow the enterprise to survive and develop in a rapidly changing environment (Fischer & Sawczyn, 2013). Therefore, to obtain and keep competitive advantage to allow the business to be successful and scale up, they must innovate and those that choose not to are likely to fail and be replaced. Showing that the ability to manage innovation is becoming more important for survival and growth (Radas & Božić, 2009). This concludes that for an SME or MSE to have the greatest chance to becoming innovative they must make full use of their resources they have available to gain innovation and in turn success for the business.

Innovation allows the business to have the opportunity to obtain financial benefits which can improve their strategy. First through improved profit margins, business efficiency and product life cycles (Li, 2021). This is proven further from a questionnaire about workplace innovativeness. The questionnaire proved that the SME's who supported the workplace innovation intervention gained from this and as a result it improved company performance and productivity (Bowen, 2010, Oeij, 2016). This then aligns in their strategy as from this they have had to change their ways of working making innovation a key issue for business strategy. This is because it is expected that it triggers competitiveness and firm performance. Innovation represents a significant factor in determining a firm's success (Pratali, 2003) while others (Wilkinson & Thomas, 2014) alert that firms that do not innovate face underperformance or dissolution. For this relationship to stay true the business will have to focus their efforts and resources in providing innovative products and services to their customers to stay competitive in the market as they need to be selective with budget spending due to limited resources (Muenjohn, 2021). Overall, suggesting that innovation is crucial to Small and Medium Enterprises (SME) because without making full use of it they will not be able to stay competitive in their market and they won't be able to have that advantage over the other businesses, making it a key to success for them.



### The Keys for a Business to be Innovative.

There are many types of innovation and each one offer something different to a business's success. Den Hertog (2000) studied the special features of innovation in services, proposing five types that were key. These were supplier dominated innovation, innovation in services, client-led innovation, innovation through services, and paradigmatic innovation. Developing these, specifically in processes and products can allow for the business to obtain superior performance to those companies that do not develop innovative behaviour. In this sense, companies that are innovative in products or processes should have a greater increase in sales, profits, markets and the volume of their customer base (Manjon, 2016). Through developing innovativeness in the business, they can then identify the existence of the unrequited customer needs (Teece, 2016). This will be done by conducting R&D and networking. Through this they can understand that value creation and migration are essential activities for innovation to be fully effective. From this we can conclude that to initiate innovation knowledge is required making it a key practise for a business to become innovative. Becoming innovative creates a competitive edge for any business (Caloghirou et al., 2004), however, exposing a business to new external knowledge is not sufficient for innovation (Jansen et al., 2005). A business must develop appropriate structured processes that will make it possible to integrate it into the existing knowledge (Björk et al., 2010). This suggests that managers should creatively handle the interaction between business models to allow for it to run successfully and so that the information can be computed effectively to all employees (Baden-Fuller & Mangematin, 2013). This shows that a business needs to implement innovation in the right areas to maximise its potential and effectiveness and by doing this they will become more up market and above their competitors, meaning that innovation is key to a business.

Another key to a business being innovative is the technology that they use and have available to them. The intention should be to gain technological capability and personnel skills in developing innovation and being competitive (Khefacha & Belkacem, 2016). Therefore, it is crucial to look at the existing challenges and business model cases in improving performance (Snihur & Tarzijan, 2018). This also follows on to support the above point about the customer's needs as through technological innovation and the business models needed to bring innovation to the market it creates greater opportunity to satisfy the unsatisfied customer's needs (Teece, 2010). This will the allow for the Small and Medium Enterprise (SME) to maximise the utility of their available resources as with greater technology they can adapt and change to meet needs to grow and profit in the market. By doing this it enables them to increase market share and further their competitive advantage (Quaye & Mensah, 2019) due to the fact they are making use of all resources and the technology is giving them an extra advantage - if able to fund this with the capital they have. This overall shows technology and technological innovation to be key to being innovative due to the current world changing to more heavy technological based processes and the greater efficiency it gives to the firm to run better and meet all the needs to become fully innovative.

### Innovation Providing Success on its Own and the Factors Enhancing it

Innovation does a lot for a business when it comes to being successful but there are external factors that help it create success and give the business the ability to fully utilise their innovative strategies. Innovation on its own is a key issue for business strategy because it is expected that it triggers

competitiveness and firm performance. Thus, scientific literature postulates that innovation represents a significant factor in determining firm's success (Pratali, 2003) while others (Wilkinson & Thomas, 2014) alert that firms that do not innovate face underperformance or dissolution. This is because they aren't being as efficient and aren't reaching all the need of their consumers by not creating and selling a broader range of products and services. From this Price (2013) noted that "firms that engage in developing innovative products and services are positioned to compete more successfully through the development of new products and processes, before competitors in first-mover advantage, increasing market share, return on investment (ROI), and overall firm success" further providing that without innovation other firms will be left behind and from this we can conclude that without innovation businesses won't be as successful as if they introduced innovative products and processes.

Continuing from this, it proves that innovation can work to create success on its own but to take a business's innovative levels further it will have to introduce and use other sources. This is highlighted by De Jong, Bruins, Dolfsma, and Meijgaard (2003) who studied the innovation in specialized service sectors. The authors found out that innovation is heavily dependent on the knowledge and skills of co-workers, being the innovative activities of the service firms themselves and creating the main source of innovation. This is due to R&D having a big effect on how innovative a business can be. Teece (2016) concluded that the first step for innovative firms is recognizing the existence of unrequited customer needs. Suggesting that before a firm can even think about changing or becoming innovative, they need to know what objectives they need to meet to successfully become innovative. However, for this to occur a firm will need management and leadership that has the willingness to want to become innovative. This is supported by the findings from Muenjohn (2021) who found from the results that design leadership has a significant effect on workplace innovation, which is part of the 'create value' part of business model innovation. This shows that the management style needs to be taken in a certain direction to allow the business to become innovative. The management may look for other sources to help create these changes due to Small and Medium Enterprises (SME) usually having limited finance and resources available (Mcmurray, 2021). An example of this is The Small Business Innovation program which launched in the United States in 1982. It was created to subsidise businesses, providing two billion dollars to American companies every year. It is chosen by completing three phases to gain the overall winners who will then be subsidised and receive the benefits of the two billion dollars that are implemented into the programme (Wessner, 2008). Lerner (1999) studied firms that won awards from the program and concluded that the firms who won grew significantly faster in comparison to other matched firms and from this they were able to draw in further funding from venture financing. This would mean managers have the opportunity to collaborate and have all the resources to fully utilise their workforce to become innovative giving a large factor that helps enhance innovation.

### Conclusion

To conclude this article has proven that the impact of innovation on a business's success is enormous. This is because it allows businesses to have a greater competitive advantage which in turn has allowed them to have a better opportunity to grow which comes from increased profits and sales. This allows for a higher access to resources meaning it has created a long-term ability to be successful. However, without other factors like the workforce, R&D, the resources available, technology and the management, innovation wouldn't be possible because all these factors allow the business to be able to innovate. This is because without these they wouldn't know how to innovate, what to innovate

or where to innovate. Will all these choices in mind they will be able to change to become an innovative business. However, there are factors that may cause setbacks for both Small and Medium Enterprises (SME) when it comes to innovating. The main factor is financial. This is because they are small businesses and won't have access to large amounts of capital like the large corporations do but with the programmes like the small innovation business program and the food and agriculture growth centre it gives the opportunity for Small and Medium Enterprises (SME) to have the funding and resources to become innovative and to become more successfully, leading to an overall greater competitive advantage. When everything is put together and the strategy, employees and objectives begin to align innovativeness is possible and the impact is incomparable to most other sources that create success. This is because it gives a different view on how to run a business efficiently and effectively and what the true unrequited needs of their customers are. From this their customer base is likely to grow due to it meaning new and innovative products and services will be created and sold. This shows that through innovation comes success and without it a business will struggle in today's economic environment.

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## Chapter 4

### **Title: Has innovation in entrepreneurship been affected by the Covid-19 pandemic?**

**Author: Jasmine Dickinson**

#### Abstract

The goal of this essay is to investigate how the Coronavirus (Covid-19) pandemic affected innovation within entrepreneurship. One focus of this essay is to look at how female entrepreneurs were more greatly affected by the pandemic than male entrepreneurs. It critically analyses what innovation in entrepreneurship was like before, during and after the pandemic and evaluates the positive and negative effects of the pandemic as well as how it affected innovation in entrepreneurship. This essay also helps give a wider understanding of the effects Covid-19 had on entrepreneurs gender specifically, and how Covid-19 changed the economy as a whole. The essay concludes by stating whether or not the pandemic has had any effects on entrepreneurs and how business models such as Porter's 5 Forces can be used to help entrepreneurs adapt their businesses to confine with the ever changing climate. This question is important because the pandemic is such a significant event in time and no one on had ever dealt with something on this substantial scale, therefore any research done from 2019 onwards is helping us to understand and to gage what to do as entrepreneurs to make sure their businesses survive and thrive. This essay will attempt to decipher whether or not innovation in entrepreneurship was affected in anyway by Covid-19, whilst also discussing other factors such as which business models help entrepreneurs to keep innovative during a crisis. Findings suggested that innovation after the pandemic has changed because it meant entrepreneurs had to create business plans that can be adapted to any sort of economic climate that may occur.

#### Key Words

Covid-19; radical innovation; incremental innovation; disruptive innovation; liquidity; turnover; business models.

Firstly, the impact of the Coronavirus disease 2019 (COVID-19) pandemic on innovation will be explored. The main focus will be on radical, incremental and disruptive innovation. Radical innovation completely destroys an existing system or process and replaces it with something entirely new and different, supplanting the existing business model (Pratt, 2015). Radical innovation is on the furthest end of the innovation continuum because it is the only type of innovation that generates entirely new methods to improve a process (Pratt, 2015). This differs from incremental innovation, which tends to be a sequence of small improvements to an existing product or service (Carleton, 2019). These improvements made by incremental innovation are generally low-cost improvements to a current product that helps the company stand out and be more diverse than their competition without offering new products or services (Carleton, 2019). The third type of innovation that will be explored is disruptive innovation. Disruptive innovation is defined as 'the introduction of a product or service into an industry that performs better and at a lower cost than existing offers, thereby displacing market leaders and transforming the industry' (Pratt, 2020). This process is normally done with a smaller company with few resources and this often empowers entrepreneurs that are just starting

out, adopting this strategy encourages businesses to find opportunities to throw off industries and help professionals to avoid disruption within the industry (Cote, 2020).

Innovation is the business world's response to a consistently changing landscape and the adaptations that they make in response to the surrounding environment. Covid-19 posed one of the largest scale changes the business landscape has ever seen. Innovation is key to keeping a competitive advantage over competitors and it helps when encountering environmental changes and developments such as Covid-19 (Moradi et al, 2021). Innovation is important to entrepreneurship, because; when there is a focus on knowledge creation, it tends to result in a development of 'innovative clusters' which then enhance the entrepreneurial ecosystem and create a boom of innovation and accomplishment (Kraus et al, 2021). Innovation and knowledge are key roles in entrepreneurial activity, which is important as entrepreneurship is vital to regional growth. The main reason it is important is because economic regions work to develop knowledge and innovation further and need the support of entrepreneurs (Kraus et al, 2021), or they damage any economic growth through policies and governance systems that negatively affect entrepreneurship (Breitnecker et al, 2017).

When looking at certain countries, the UK for example, handled Covid-19 slightly differently due to restrictions compared to other equally affected countries. The Covid-19 pandemic was a crisis that inspired but mainly forced innovation in entrepreneurship due to a rapid and unprecedented change in demand. Innovation in entrepreneurship was critical during the pandemic because it was needed to keep our lives and places of work functioning safely (Wyskiel, 2020).

In this essay, radical, incremental and disruptive innovation will be explored. The areas that will be explored include describing what innovation in entrepreneurship was like before, during and after the pandemic. As well as discussing whether or not the pandemic had any impact on innovation in entrepreneurship within the UK, and whether or not this could be considered to have had a positive, change, a negative change, or if there was no change at all.

### Before the Pandemic

Innovation is about creating something new and creating something that needs value, Peter Drucker states both innovation and entrepreneurship are practices and disciplines that can be learnt as they are knowledge based (Drucker, 1993). Before the pandemic radical innovations such as, personal computers and washing machines were produced from entrepreneurial firms. Whereas incremental innovations such as, Apple's business strategy of releasing yearly additions to its iPhone series since its inception could be considered slight changes that are many every year which tends to form the main focus of larger more established firms. Disruptive innovations including streaming services like Netflix originate in low end or new market footholds, particularly in the way that they have moved their model into producing their own original movies alongside their original concept of being a movie streaming service (Berman et al, 2022). Disruptive and radical innovations pre-pandemic were based upon bringing a different, new value, proposition to the market. However, during Covid-19 this would change as it forced people to see the world in a different way, therefore driving innovation, particularly when it came to the development of new vaccines (Berman et al, 2022). Innovation is key to the success of firms and research and development is important within the production of innovations (Tellis et al, 2008). Innovation is not just about entrepreneurs, it creates jobs, provides national security, improves living standards. It also stimulates spending and ensures firms that are innovative



profit. Finally it also improves trade deficits (Hausman & Johnston, 2014). Before the pandemic the key to innovation was creative ideas and ensuring their successful implementation. However, due to the effects of the pandemics this may change.

During the pandemic

Covid-19 caused an economic crisis worse than the 2008 economic crisis (Li et al, 2022). This is due to the pandemic being unique in terms of severity as it caused a supply and demand shock on a global economic system (Manolova et al, 2020). Entrepreneurship was seen as a factor that could reduce the pandemics negative affects, however entrepreneurship was also negatively affected by Covid due to many businesses not surviving the drop in consumer demand, which in turn negatively affected the economy and innovation as many entrepreneurs did not have the money to be able to continue innovating in conjunction with the climate they had to contend with. On the contrary, the pandemic also had a positive affect as some entrepreneurs used the pandemic to their advantage and developed their businesses into offering extra alternatives, such as home delivery and revolutionising online storefronts (Galindo-Martín et al, 2021). Innovation is at the start of development in a modern society. It creates a flexible model to help with countries development in economic and social fields. However, generating new ideas, getting approval and then implementing them is essential to achieving the economic and social results required to gain a competitive advantage which forms the basis of all entrepreneurial goals (Terziev & Klimuk, 2020).

Another way Covid-19 affected innovation was because it drastically reduced firms' turnovers and liquidity. This would not be true for all firms as evidence suggests that firms that entered the pandemic with a strong cash position would bounce back without being affected or even end up stronger (Roper & Turner, 2020). Research also suggests that entrepreneurs who tightened credit constraints ensured that their firms were cash rich to gain a strategic advantage over competitors that were financially constrained (this is mainly relevant to newer, smaller firms). A study by La Rocca supported these findings (Joseph et al, 2020; La Rocca et al, 2019). This also confirmed that if a crisis like Covid-19 happened, the extra cash in hand gave entrepreneurs an advantage in both the short and long term, which meant that they could undertake more radical and risky innovations than their competitors without the extra financial slack (Roper & Turner, 2020). Entrepreneurs with high levels of financial slack would use explorative knowledge sourcing, which is the basis for radical innovation whereas, entrepreneurs with low levels of financial slack used exploitive knowledge sourcing which focused on incremental innovation (Bruneel et al, 2016). Research has found entrepreneurs that were not innovative suffered a significantly larger loss during the pandemic as innovation provided insulation for entrepreneurs to bounce back with during and after the crisis (Spescha & Woerter, 2019). Overall Covid-19 affected the level of innovation that businesses could undertake, regardless of their size or market position. However, smaller businesses were hit harder as trying to sustain innovation in that climate is very difficult and smaller firms also tend to be hit harder by post-crisis liquidity, but it is not impossible for smaller firms to survive even if they are only slightly innovative during the crisis (Jung et al, 2018).

Entrepreneurs had to take advantage of the situation the pandemic had presented them with, especially entrepreneurs that were female. This is because their firms are younger and smaller (Marshall et al, 2015). During the pandemic every company had to change their business models to

seek new opportunities and reduce any risks the pandemic may have presented. However, this affects female entrepreneurs as their businesses are mainly in industry sectors that were the most severely affected by the economic shut down, in addition to massive external factors such as the shutdown of international importing of goods. (Manolova et al, 2020) Businesses models are a source of innovation and competitive advantage; however, they tend to change with the economic climate. These changes also tend to be in line with the business' innovation, customers and finances (Saebi et al, 2017; Osterwalder and Pigneur, 2010). There are few studies on how different sexes handle such economic shocks like the pandemic, however, clinical evidence showed men were more affected by the health effects of covid whereas the economic crisis hit female entrepreneurs the hardest (Curley, 2020). Moreover, recent statistics show that 50% of females operate the retail sector compared to 42.6% of men, 17.2% females operate the government and health sector compared to 10.1% of men (Elam et al, 2019). These sectors are highly innovative, extremely competitive and are therefore, the most vulnerable sectors in the economy. Females make up most of the entrepreneurs in these sectors, it is them and their businesses who were the most affected, mainly due to them not being prepared for the impact of the pandemic but then again no one was (Manolova et al, 2020). Innovation during the pandemic was incredibly important because Covid-19 meant that completely new customer needs emerged and entrepreneurs had to innovate and adapt their businesses to do so (Li-Ying & Nell, 2020). The pandemic created two paths entrepreneurs could take. One path being that the creative individuals of a company would take more risks and supply the company with new solutions in response to any new needs that many occur, by investing in new innovative technology to disrupt the market the business is currently in. This path is commonly referred to as creative destruction (Li-Ying & Nell, 2020). The other pathway entrepreneurs tended to take during the pandemic was creative accumulation which was mainly done by the more established firms as they can consistently invest in technologies to support their industry and build more barriers to entry, this creates an accumulation to technology and more in-depth knowledge of their market, creative accumulation is also more likely to make a business achieve long-term growth (Li-Ying & Nell, 2020). This was important to entrepreneurs during the pandemic as it meant their companies were more likely to succeed after the pandemic had passed, which is also why it was important for entrepreneurs to continue innovating during the pandemic.

### After the pandemic

After the pandemic it is expected that many enterprises will vanish as any new normalities will require a change to businesses to reduce the change of this happening innovation is key to a businesses recovery post covid-19 (Caballero-Morales, 2021). Due to covid-19 and the lockdowns created it reduced the economic flow. For example, during the United kingdom's lockdown period the countries gross domestic product (GDP) decreased by 3% (Nicola et al, 2020). Any enterprises, be small or medium, have the weight of the economic burden and uncertainty. To combat this, the government developed loan schemes to help entrepreneurs survive the pandemic. However, this also does not help as the enterprises require a high level of cash flow to keep workers, pay overheads and reinvest time into further innovation and infrastructure (Caballero-Morales, 2021). After the pandemic, knowledge about strategic planning and innovation was critical for entrepreneurs to reinforce their business models for other markets, new restrictions and legislations. To combat these methods such as, Porter's 5 Forces and the blue ocean strategy put a larger emphasis on innovation which is crucial in a time after crisis (Ucaktürk et al, 2011). Due to the pandemic entrepreneurs have had to start adapting themselves to respond better to crises like the pandemic, this change will increase global influence (Ratten, 2020). Entrepreneurs are already known to be risk takers, innovative and pro-active in comparison to non-entrepreneurs, this is because they have an ability to respond well to market needs, suggesting that entrepreneurs are well respected since covid as they are good at responding

to challenges presented to them and are good at providing unique ways to overcome them (Ratten, 2020).

### Conclusions

The overall effect on innovation within entrepreneurship during the pandemic was both positive and negative. On one hand, the pandemic pushed entrepreneurs to adapt themselves as people as well as their business' to pursue new business models that meant their businesses were still innovative even during crisis. On the other hand, it negatively affected some entrepreneurs as it put so much pressure on entrepreneurs to continue to be innovative that it led many businesses to crash and burn as their innovations failed and led them down the wrong path. It also led to post pandemic liquidity and drastically reduced their turnover and many enterprises found it physically impossible to bounce back. Innovation is also a key factor in making sure a business survives, especially during a crisis like Covid-19 and it also ensures entrepreneurs stay engaged with their business. To conclude, the pandemic had extreme affects that no entrepreneurs had ever dealt with as the economic situation was vastly different in comparison to the 2008 financial crash despite there being some similarities. Such as, the pandemic taught entrepreneurs new and old, a lot of valuable lessons. For example, knowing when to adapt and change their business model to fit the climate they are dealing with or to create a business model that can adapt with the ever-changing climate. Overall, the pandemic had positive and negative impacts and it did not just affect one area of entrepreneurship, it also provided a lot of data that can be used in the future to predict the best ways to handle these situations if something similar was to happen in the future.

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## Chapter 5

### **Title: To what extent does ADHD effect the personality of entrepreneurs in start-up ventures?**

**Author: Thomas Evans**

#### Abstract

In this article I have conducted research into the core characteristics of the entrepreneur in a start-up environment. I first discussed a framework on the core characteristics of entrepreneurship and discussed which of these are more prominent in start-up scenarios. These were drive and determination, creativity and innovation, acceptance of measured risk and uncertainty and the internal locus of control. Creativity and innovation proved important to the start-up environment as they are both required for the generation of product, service, and business ideas to start a firm. Motivation, or drive and determination, are very important to the start-up environment too as people require motivations to start their business. It also allowed me to see the potential influences that would motivate someone to start a business. Lastly, the internal locus of control shows that entrepreneurs are more likely to have the belief that their output and success is determined by the work and effort that they put in. following this was a discussion on some of the symptoms of ADHD and how they relate to the original traits discussed. I first begun this by discussing a framework that showed the benefits and drawbacks of having ADHD in entrepreneurship.

This framework shows that sensation seeking, and a lack of premeditation are both positive traits for entrepreneurship. Sensation seeking was found to be helpful because it helped with the trait of risk management. Impulsivity, also referred to as the lack of premeditation, also proved to be a benefit to the entrepreneur despite its potential hindrances. It can be a hindrance due to impulsiveness potentially leading to acting without full knowledge of a situation, which could potentially result in poor business conduct. However, it can also be beneficial due to its prowess in social capital development. Impulsivity can also take an entrepreneur down a different pathway to entrepreneurial behaviour due to the way that impulsivity can make someone act. A framework was used to show the difference in the two behavioural pathways (the regular entrepreneur versus the impulsive entrepreneur). After this, there was a more in depth look at the traits shared between people with ADHD and entrepreneurs. The first of which was creativity. People with ADHD tend to be more creative as their minds often drift a lot, which can be helpful for venture start-up as heightened idea generation and innovation allows for a potentially competitive strategy to be made. The next was motivation. People with ADHD can lack in perseverance, making it harder to find motivation but, on the other hand, people with ADHD can also enter a state of hyperfocus when performing a task, they are passionate about. Risk-taking and sensation seeking were then discussed, shedding light on the heightened risk management and opportunity recognition within people with ADHD. Finally, impulsivity was discussed and shown to be more of a benefit than a limitation despite its shortcomings due to building social capital and seeing favourability in uncertainty is more valued positively than acting with lack of knowledge is valued negatively.

### Key Words

Entrepreneurship, ADHD, Creativity & Innovation, Sensation seeking, Impulsivity Entrepreneurial Traits.

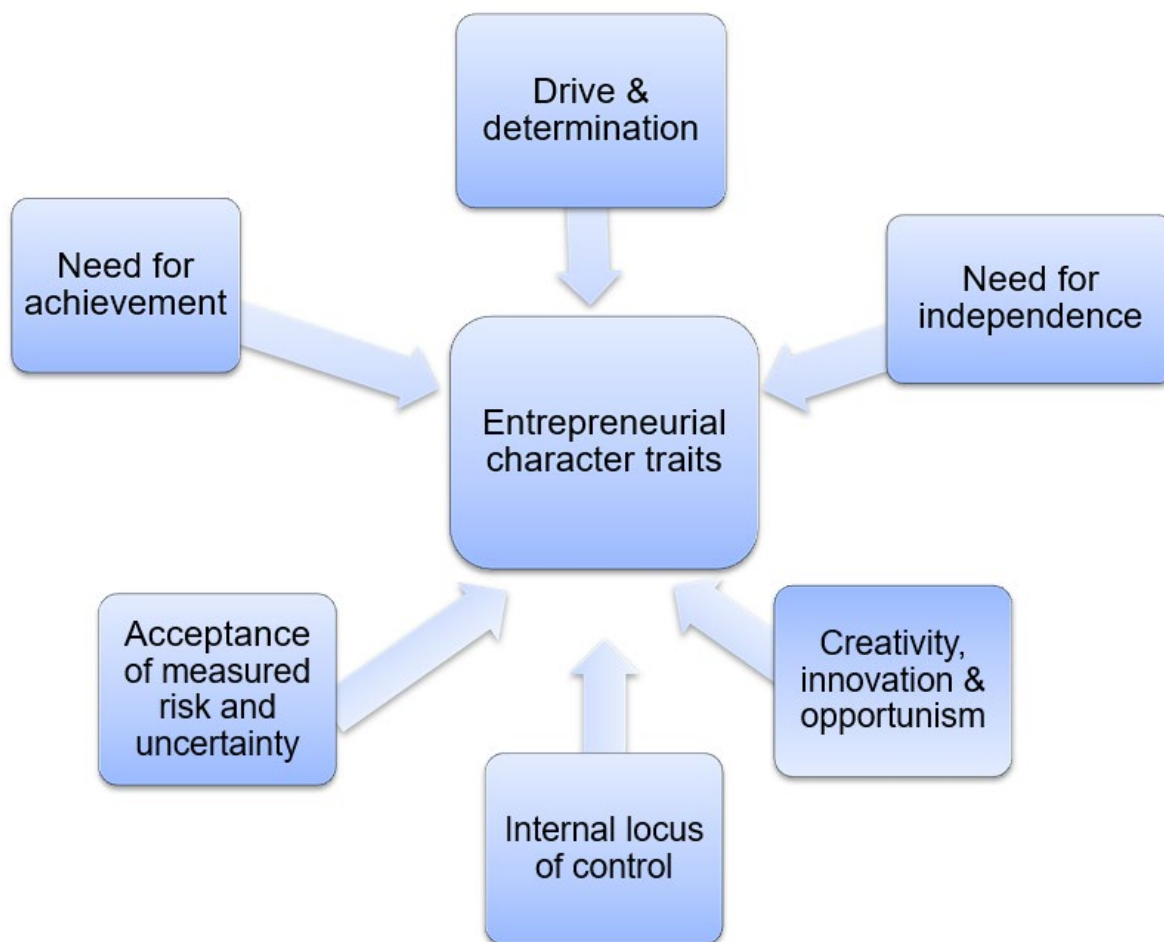
### Introduction

Entrepreneurship is a fast-paced, uncertain endeavour with a growing body of research that suggests the characteristics of entrepreneurship have a lot in common with the symptoms of ADHD (Greidanus, 2021). The number of people being treated with ADHD has risen by 80% in the last 5 years (Telegraph, 2022), this would include up to one third of entrepreneurs in the UK according to Tony Lloyd, CEO of the ADHD Foundation (Telegraph, 2022). Seeing that the entrepreneur can be defined as “A person who habitually creates and innovates to build something of recognised value around perceived opportunities” (Keogh, 2001), it would not be too difficult to assume that the ‘habits’ and personality traits of entrepreneurs could be influenced by ADHD. This article will discuss the effects of the core characteristics of the entrepreneur in a start-up environment, which of these characteristics are affected by ADHD, and whether having ADHD is more of a benefit or a hindrance to the entrepreneur in a start-up environment. This will include a discussion on both entrepreneurial characteristics and ADHD separately, then followed by an analysis on how these interact with one another. This discussion will show both the benefits and limitations of the different approaches to entrepreneurial behaviour as well as construct an idea of how these two behaviours will impact the entrepreneur when starting a new venture. The big five traits can benefit the entrepreneur in allowing them to be more creative and focused (Hatak, 2021, p477), however, there is also research that shows ADHD can benefit a person in an entrepreneurial context.

### The Entrepreneurial Characteristics

The entrepreneurial traits are characteristics that most successful entrepreneurs are said to possess. This framework, by Burns (2010) shows the more prominent characteristics that are strongly present within entrepreneurs:





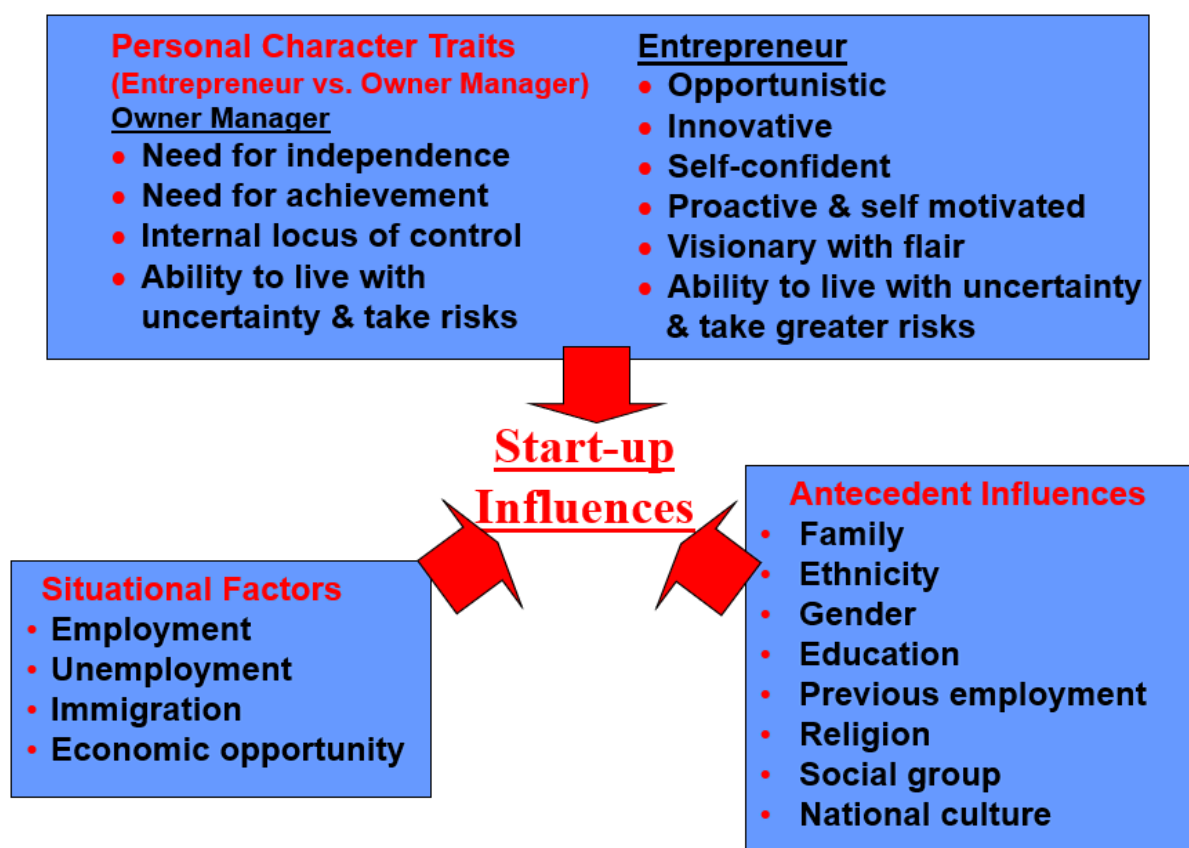
(Burns, 2010, p. 62)

Where entrepreneurs can be creative it helps them to generate ideas for their business and recognise opportunities (Hatak, 2021; Hennessey, 2010), allowing them to be more creative in their approach to business decisions. Creativity allows people to take current knowledge and use it to create new knowledge (Hughes et al., 2018), which can then be used to achieve an array of different feats. Feats such as solving a problem, generating a new idea for a product, finding a new way to market an existing product or how to penetrate a market when entering as a new company. Creativity is home to people who are curious, energetic, and persistent (Amabile, 1988, p.128), these personality traits also tie in with those who are innovative. This can be shown in the entrepreneurial traits framework as creativity and innovation are shown in the same section as one another.

Innovation has been defined to include the generation of ideas and their implementation into new products and services (Kogabayev et al., 2017). Similar to creativity, Innovation favours the curious (Kahn, 2018) and also involves idea generation. The difference here is innovation adds to the idea to make it more innovative. An innovative product or service would make a product stand out more so that it could achieve such feats as make products more appealing to a target audience. To give a company example, we can look to Google. Google owns a company named X development LLC, which was founded on the sole purpose of innovation. Their website says that the world’s problems cannot be solved by conventional thought and behaviour (X Development, 2022). X development uses innovation across its array of teams to find irregular ideas and turn them into problem solutions that make an impact on the world (X Development 2022). Creativity and innovation are core traits for the

entrepreneur, they can be used to generate ideas, then realise those ideas in a product, service or business. Ensuring the product, service, or business idea is innovative, the entrepreneur should find success.

Motivation is also a large factor to the entrepreneur, especially when starting up a new business. It can be understood that motivation to act entrepreneurially is a process that results from several personal factors and could be seen as the expression of personality traits such as a desire for achievement or risk taking (Estay et al., 2013). There are many influences that can take effect on a person when starting up a business that drive them to motivation; one framework stands out in particular for this. The following image is a display of many character traits, factors, and other influences that can affect a person’s motivation to act entrepreneurially:



(Burns, 2010)

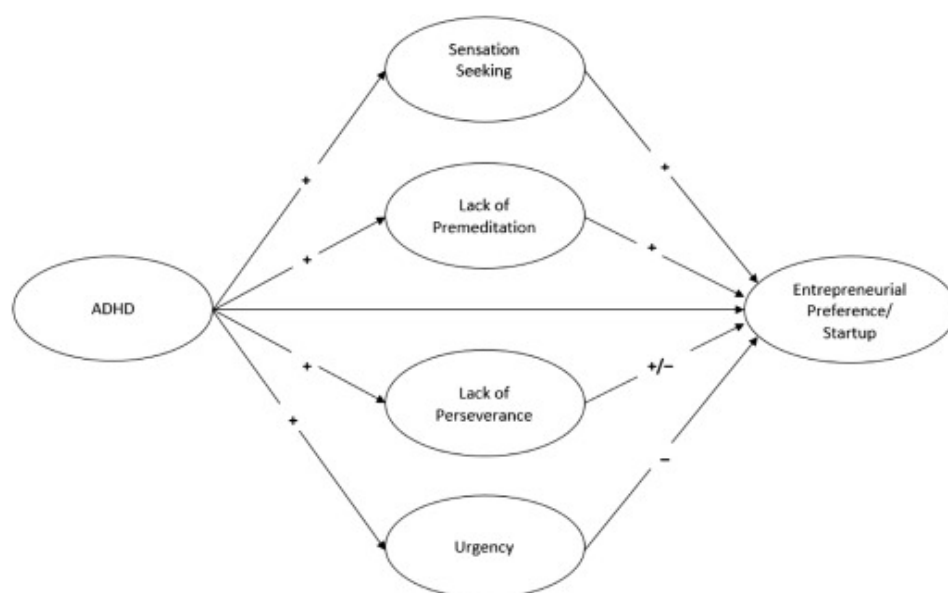
From this image, it is shown that the entrepreneurial traits previously discussed have an influence on the entrepreneur in a start-up environment. In addition to this, there are other personality traits that could motivate the entrepreneur in a start-up environment. The ability to take greater risks can be beneficial to the entrepreneur because risk taking is seen as one of the most important factors of an entrepreneur’s success as entrepreneurs need to be risk taking in order to realise their ideas (Allah et al., 2011). Social Groups can also be an important when finding motivation to act entrepreneurially due to social capital. Social capital refers to the trust and bonds within a society (Kwon et al., 2013). Social capital is linked to start-up entrepreneurs, shown in a survey where communities with a greater social capital have a higher likelihood to motivate people to act entrepreneurially; shown through the results of the survey, someone in a rich social capital community had a higher likelihood to become self-employed (Kwon et al., 2013). The internal locus of control is another factor that can influence one’s motivation. Shown also in the core traits of an entrepreneur, the internal locus of control is

composed on the beliefs that people can manipulate their own success or failure based on the amount of effort given, and that people can control their own destinies (Hsaio et al., 2016). This can influence the motivation of someone in entrepreneurship because people with an internal locus of control show determination and are more willing to take opportunities that are presented before them (Edwards, 2022).

### ADHD and Sensation Seeking

While there is research that shows that the core entrepreneurial traits can have a positive impact on the entrepreneur, there is also research for which we must consider learning difficulties. These can be defined as “the condition that exists when a person’s actual performance on achievement testing is substantially below that expected for their established intelligence, age and grade” (APA, 2022). One study showed that in a sample of 242 entrepreneurs; more people were affected by mental health conditions and/or learning difficulties than those who were not, where 72% were affected by one or more mental health conditions and/or learning disabilities, 29% of which having been affected by ADHD (Freeman et al., 2019).

ADHD (Attention Deficit Hyperactivity Disorder) is a learning disability that affects the behaviour of people by making them more restless and impulsive (NHS Digital, 2022). While people affected with ADHD tend to be ‘sensation seekers’, it shows to be a positive aspect to reaching a state of entrepreneurial preference, as shown in the figure below:



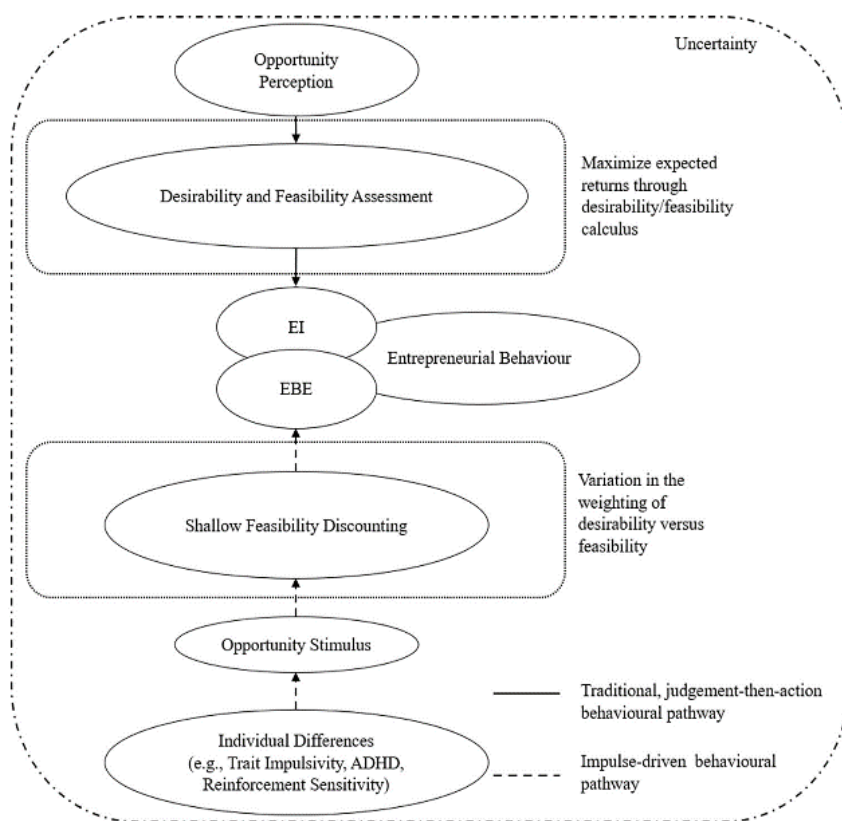
(Wiklund et al., 2017)

Indicated by the ‘+’ icons surrounding sensation seeking and lack of premeditation, these personality traits that are influenced by ADHD can be helpful to the entrepreneur. Risk taking is a personality trait that is common in most entrepreneurs, shown by the previous figure of entrepreneurial characteristics. Seeing that the entrepreneurial environment may be enticing to people with ADHD (Wiklund et al., 2017) it would be logical to understand the figure’s depiction of sensation seeking being a positive attribute. Sensation seekers have been known to better recognise opportunities for business than regular people while also being more risk taking (Wiklund et al., 2017), the improved sight for business would be helpful to the entrepreneur as more business can potentially be

conducted. In the context of a start-up venture risk taking plays a significant role in one’s ability to begin a new business while also being crucial for the business’ success (Buck, 2018). One must be able to live with risk and use it to their advantage while being confident enough to live with the decisions they make. The allure of the entrepreneurial environment will create a passion for founding and developing which is unique to successful ADHD entrepreneurs (Hatak et al., 2021).

### ADHD and Impulsivity

Impulsivity is also a symptom of ADHD, which is represented on the above image as ‘lack of premeditation’. Impulsivity is a trait that causes a person to act with little or no premeditation or prior judgement (Cambridge, 2022). According to some studies, impulsive entrepreneurs can view uncertain opportunities favourably, resulting in an increased emerging business enterprise (Pietersen et al., 2021). This meaning that more people are likely to take an opportunity if they are impulsive. Impulsive people were also shown to act differently to reach a state of entrepreneurial preference, approaching in a more ‘bottom-up’ manner; shown in the diagram below:



(Pietersen et al., 2021)

The path that originates at the bottom of this diagram shows the unreasoned pathway to entrepreneurial behaviour. In comparison with the traditional path to entrepreneurial pathway, the impulse-driven pathway aligns with the behaviours of those with ADHD. Further research also shows that entrepreneurial behaviour can be achieved by impulsive personality traits (Lerner et al., 2018), aligning with the other discussed research that ADHD can be helpful to the entrepreneur.

Impulsivity is also useful for building social capital which is very important when starting a business.

Social capital relates to social networks, exchanging information, trust, and the application of these to achieve objectives (Tripp et al., 2009). Social capital is important because it allows people to make connections to like-minded people with which they can achieve more than they would have if they acted alone (Cope et al., 2007). The importance of social capital in businesses is demonstrated through networking. Networking provides opportunities for people to build a social network, which grants benefits to their careers (Janasz et al., 2008). Entrepreneurs with ADHD have lower levels of anxiety in new situations (Nicolau et al., 2008), potentially due to finding uncertain opportunities attractive (Pietersen et al., 2021), therefore, building social capital can be straight forward for them. The lack of premeditation is also good for start-up entrepreneurs because of their ability to see uncertain opportunities favourably (Pietersen et al., 2021). This is beneficial as it aligns with the ADHD behaviour of having lower anxiety levels when entering a situation (Nicolau et al., 2008); these combined factors contribute to people with ADHD in an entrepreneurial setting having a perceived advantage when building social capital at the beginning of their venture. Given that the use of social capital is important to start-up success (Bandera et al., 2019) ADHD symptoms seem to be a great benefit in this situation.

Why is all of this relevant? How does it correlate?

Looking back to the traits of the entrepreneur there were many traits that can help entrepreneurs when starting up a business. Firstly, the benefits of creativity and innovation can prove to be very useful for finding ways to act entrepreneurially in a start-up environment. ADHD has been shown to associate with enhanced creativity which comes from distractibility, a symptom of ADHD (Hoogman et al., 2020). Enhanced creativity is more likely when the idea generated is unusual to the entrepreneur, potentially along the lines of a new business venture. This is feasible as people with ADHD are more likely to try new things (Hoogman et al., 2020). While distractibility can create a state of enhanced creativity it, by definition, can also be a hindrance. Distractibility, also referred to as mind wandering, is an unintended shift of attention from a current task to something else (Lanier et al., 2021). This can prove un-useful as distraction from tasks can lead to lower productivity.

Motivation and perseverance are also very important as well considering that motivation can be the drive of one's willingness to act entrepreneurially and perseverance is the act of doing something despite the difficulty or lack of immediate success (Toomasian, 2022). People with ADHD have a lack of perseverance, shown from its symptoms (NHS Digital, 2022) and the previous framework on ADHD behaviours leading to entrepreneurship (Wiklund et al., 2017). A lack of perseverance can be detrimental to the entrepreneur as drive and determination are a core trait of entrepreneurship (Burns, 2010), therefore lacking these traits may prove to limit the entrepreneur's potential when starting a business. On the other hand, people with ADHD have been known to achieve a state of hyper focus when they immerse themselves in tasks, they are passionate about (Hatak et al., 2021). Hyper focus can be described as intensive concentration on a task (Schecklmann et al., 2008) which may, in some circumstances, help to bypass the lack of perseverance that people with ADHD normally experience.

Risk-taking is essential to entrepreneurial success in start-up firms (Buck, 2018). Sensation seeking provides an addition strength to the risk-taking attribute as recognising entrepreneurial opportunities is easier to sensation seekers (Wiklund et al., 2017). From this, a heightened ability to take risks can come as a good benefit. Due to risk taking behaviour and sensation seeking is associated with ADHD (Pollak et al., 2019) the combination of sensation seeking and risk taking can result in a heightened awareness and ability to take risks. Seeing that adults with ADHD are more likely to take part in risky activities (Asadi et al., 2021) it could be argued that people with ADHD are more likely to become entrepreneurs due to the allure of risk-taking as well as the sensation of beginning something new.

Furthermore, people with ADHD lack decision-making skills. Research showed that from decision-making in people with ADHD there was a preference for the potential rewards of risk-taking (Matthies et al., 2012).

Impulsivity is a symptom of ADHD that makes people more prone to acting with a lack of pre-meditation. Despite its flaws in acting on insufficient information (Edwards, 2022) and a lack of ability to work on tasks for long periods of time (Miranda et al., 2016) impulsivity can actually grant a benefit to the entrepreneur by adding to the entrepreneur's skills. For example, impulsivity can allow for better generation of social capital due to entrepreneurs with ADHD having lower levels of anxiety in new situations (Nicolaou et al., 2008). Seeing that social capital is essential when starting a new venture (Buck, 2018), and that impulsiveness can help to build social capital, as well as recognise opportunities for business through the enticement that they see uncertainty with (Pietersen et al., 2021). It would not be beyond reason to assume that impulsivity can be seen as beneficial to the entrepreneur. It is also shown to be a benefit on a previously discussed framework from Wiklund et al. (2017).

### Conclusion

While ADHD has its benefits to the entrepreneur it is regarded as a disability, nonetheless. There are disadvantages to having ADHD that could be detrimental to the entrepreneur when attempting to begin a venture. For example, people with ADHD have a lack of perseverance and impulsivity (NHS Digital, 2022). However, the weaknesses of ADHD can grow to be strengths from the knowledge that they are weaknesses. This knowledge can allow for the potential limitations of ADHD to transform into areas of development which can then be honed and turned into strengths over time. The Entrepreneurial traits have been shown to be very relevant to the start-up environment through instances such as the motivation to act entrepreneurially through different circumstances, the creativity and innovation to develop ideas that can lead to a new business idea, the risk-taking potential to invest in a new start-up, and the internal locus of control in belief that one's hard work will result in success. The symptoms and behaviours of ADHD have added to these traits by enhancing the potential of creativity and innovativeness by sensation seeking and impulsivity helping to develop ideas and help to recognise opportunities as well as building social capital to help build a start-up enterprise. To conclude these findings, one could say that the symptoms of ADHD discussed in this article more help than hinder the entrepreneur in a start-up environment.

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## Chapter 6

### **Title: The Impact of Covid-19 on Small and Medium Enterprises (SMEs) and the need for Innovation and Entrepreneurship in the UK**

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#### Abstract

This study looks at Covid-19 and its impact on small and medium enterprises and if there's a need for innovation and entrepreneurship to counter any problems the coronavirus pandemic has brought on small and medium enterprises. It looks at the main impacts covid-19 has caused and what small and medium enterprises have done to resolve this to survive. It's said that small and medium enterprises have been significantly affected by the COVID-19 crisis from the governmental safety measures like lockdowns, which were to help control and stop the spread of the virus but in the short and long term have caused major financial problems to many businesses. The study looks at other leading researchers and major articles and studies that have been done throughout covid to find common trends in how hard SMEs have been affected during and after the pandemic and what methods were taken to divert the effects and damage caused, ultimately it argues that for SMEs to increase their chance of survival they needed to innovate and apply creativity to be able to keep working. It also argues that entrepreneurial reliance was also a key factor in SME survival during covid-19 as it allows them to see opportunity in uncertain times. The article also touches on how the pandemic was a leading driver into small and medium enterprises becoming more digitised and entering digitalisation, with the use of online video conferencing platforms like Zoom, google nest and Microsoft teams to allow for remote working and ensure employees safety from catching and spreading the covid-19 disease. This transition into a more online working environment is the steppingstones to become the new normal and its visited statistics on that.

The lack of solely UK based research articles was a slight implication to the research but upon further research most actions taken by small and medium enterprises were the same across the world so could be applied to businesses in the UK. The lack of other supporting articles and research on the drawbacks of small and medium enterprises becoming more digitised and using revamped innovative software's like Zoom during the pandemic and its transition to be using it in the long term could also cause some small implications. The fact the coronavirus pandemic is still very recent all the impacts are yet to be seen fully, the obvious financial complications it's caused is now being seen due to the extreme cost of living crisis which is affecting many individuals in the UK but other impacts the pandemic may have caused have still not been shown in vast way therefore limiting what has been said about the current major impacts as only a few have been identified.

#### Key Words

Covid-19, Coronavirus, Small and Medium Enterprise(s) (SMEs), Pandemic, Innovation, Entrepreneurship

### Introduction

Coronavirus also known as Covid-19 was a virus that spread globally in a rapid time, it sent the world into chaos and uncertainty with the lack of a vaccine government measures were taken to ensure and instil safety and guidance to the public (Alshrari et al., 2021). The business world was no different, many people lost their jobs due to the pandemic or was put on furlough schemes, SMES were said to have been affected the worst as so many of the industries SMEs cover had to be put on pause as industries like retail, hospitality, food services, entertainment services, and construction activities are made up with a larger number of SMEs (McKinsey and Company, 2020; Ratten, 2020c). Due to so much of industry being made up of SMEs there was a big need for SMEs to beat the virus and still be able to operate. We saw a big step into innovation from many SMEs and entrepreneurship becoming more of interest for many due to the advancement in technology and how innovative ideas can be capitalised on using digitalisation (Ratten, 2020b). The pandemic threatened many SMEs and their rate of survival dramatically dropped; however, it saw many thrive and the ones who could innovate well along with those who could adapt fast saw an increased chance at making it through the pandemic and not only the pandemic but set foundation to combat any future crisis (El Chaarani et al., 2022).

### Coronavirus and its Impact on SMEs

Coronavirus or Covid-19 took not only the UK but the whole world by storm towards the tail end of 2019, crises like this usually expose small and medium enterprises (SMEs) to various kinds of challenges and tend to put their survival at high risk (O'Reilly III et al., 2011). The repercussions of the COVID-19 pandemic have been felt across all economic sectors and institutions, including SMEs (Hasanat et al., 2020). It took effect on not only internal factors like shortage of workers, production complications and disrupted supply chains, which have created a decrease in SME's sales (Segal & Gerstel, 2020) which has also lead to the ability to fulfil their financial obligations and pay employees' salaries (Robinson & Kengatharan, 2020) which is creating a negative company reputation which will have long term effects and later cause complications with gaining the trust of old and new employees. The effect of the pandemic would have caused in theory from previous crises' to create external issues to businesses, companies would have limited financing opportunities due to weak capital and low market performance (Cowling et al., 2012), lack of sufficient information on the new crisis would cause uncertainty and panic potentially leading to a business meltdown, and also general complications with the economy also affecting their consumers / customers are just a few of the external impacts during a crisis like Covid-19 (Mason & Harrison, 2015). Research from The Organisation for Economic Co-operation and Development, states an estimate that more than 50% of all small and medium-sized enterprises face severe loss of revenue due to the coronavirus pandemic (OECD, 2020a). The impact of this causes businesses to act in many ways, most business had access to government support schemes offering loans and grants to help with the loss of revenue and their employees had access to the Furlough Scheme, where employees can receive up to 80% of their "usual wages" up to £2,500 per month. Until the end of June 2021 (Lewis Silkin 2022). Others simply could not survive, and the pandemic was the cause to many businesses having to close their doors and shut down or enter liquidation as either they were not allowed to trade, or the customer footfall was not meeting the usually causing a decrease in capital. Due to this traditional entrepreneurship struggled during the covid-19 pandemic many were not attempting to create businesses the traditional way due to the high risk that it would entail therefore 2020-2021 saw a high decrease in new entrepreneurs (OECD, 2020b). To reiterate the coronavirus pandemic has caused the world's economy to erupt creating extreme pressure on small and medium to large businesses in the UK and the world, the effects of the political lockdowns to ensure safety to the public didn't just create an economic crisis at the time

leading the USA to see most significant quarterly drop in economic activity since 1933 (Smit et al., 2020) but two years on the impact of it on the economy is still ongoing. In the UK Inflation has been increasing steeply since late 2021, and growth in average wages has not met the inflation increases leading to, the inflation rate including owner occupier's housing costs (CPIH), reaching 9.6%, the highest rate since December 1980, figure recorded In October 2022. The effects of the increase in inflation have put the country into a cost of living crisis making it the biggest issue 93% of adults in the UK face in the post coronavirus era while 76% of adults have reported an increase to their cost of living within one month 94% have seen an increase in their cost of living since 2021, figures record in November 2022 (Office for National Statistics 2022a; Office for National Statistics 2022b). All these effects have taken the toll on a lot of SMEs, businesses who survived the initial complications like lockdowns are now being hit with huge economic implications and this could be seen to wipe them out. The increase in utility bills and mortgage / rent rates could see companies being forced into selling buildings for the reasons that they can't afford the new prices; it's all seen many SMEs not being able to increase employee wages and seeing them employees moving onto businesses that can afford to pay an increased wage. The long-term impacts again cause uncertainty to SME owners and their businesses.

The pandemic however did cause a need for innovation in entrepreneurship, the pandemic led many businesses to come up with ways to still earn profits and adapt to the situation at hand, it also saw many entrepreneurs create businesses and use their entrepreneurial skills to adapt and use new methods of entrepreneurship to create businesses and thrive during the pandemic (Papadopoulos et al., 2022).

### Impact of Covid-19 on Entrepreneurship and Entrepreneurs

Fundamentally being an entrepreneur just means starting and running your own business, that business can be anything from buying and selling products to providing a service of some kind. (Global Entrepreneurship Monitor 2022). Business in particular the act of entrepreneurship is thought to be looked at like an ecosystem as it needs many other entities in order to survive (Overholm, 2015). The entrepreneurial ecosystem theory often narrows this approach to analyse businesses that are 'high-growth start-ups' or 'scale-ups', claiming that this type of entrepreneurship is an important source of productivity growth and employment (Mason & Brown 2014; Stam & van de Ven, 2019). The Coronavirus pandemic enabled these entrepreneurial ecosystems to break down due to again the safety measures like lockdowns put in place during the pandemic, it disrupted the way businesses would use cash funds and also made traditional ways of utilising resources difficult (Rashid & Ratten 2021). Other fundamental entrepreneurial requirements are innovation, resilience and opportunity, most entrepreneurs during the coronavirus pandemic needed to really focus and use the these fundamental skills in particular reliance to the lockdowns, many entrepreneurs had to close their businesses in the first few months of pandemic and pause all trading, resilience and determination was needed for them in order to continue after they had government permission to reopen, (Office of National Statistics, 2020) stated in a survey they carried out in July of 2020 with a total of 5,733 businesses within the United Kingdom region, completing the survey, with 5.7% reporting temporary closure or a pause in trading. The remaining businesses continuing to trade reported that their financial performance was not matching their usual profit ranges and also 53.6% of these reporting a lower turnover compared to previous years (Flynn et al., 2020). By being resilient it can enable an organisation to recover more quickly and adapt to change, the European commission believe it's essential that the general public develop and enhance entrepreneurial skills such as resilience and utilises these skills so that when entrepreneurs reopen their businesses they can start back with a workforce that is equipped and prepared with the necessary competencies that will allow them to

adapt to the new working environments, this highlights the need for entrepreneurship and the skills that, that processes in order to combat the pandemic and financially surviving the post coronavirus pandemic era (European Commission, 2020; Portuguese Castro & Gómez Zermeño, 2020). The coronavirus pandemic hasn't just created financial complication for entrepreneurs, it has created many sociological issues to. The obvious being risk to the entrepreneur's health in catching covid-19 or having the virus spread amongst the employees and then disrupting the working environment, it's also affected the businesses norms in that safety measures like wearing masks in the workplace, sanitise stations and 2 metre distance gaps between people to name a few all requires the business owner to put measures in place. Overall, as stated disrupting the norms. Any person during this would have a long lasting impact due to the coronavirus pandemic and entrepreneurs have been said to have had suffered "double" from it, entrepreneurs during the pandemic would have more than likely had their psychological well-being take a toll with an increase in distress and financial worries, worries of business survival their psychological wellbeing would have been affected by it all, the ability of entrepreneur to run a business's making logical decisions could have been affected due to their psychological wellbeing, being affected (Wolfe & Patel 2021). However, the coronavirus pandemic did in fact bring some positive impacts on entrepreneurs and entrepreneurship it allowed them to prepare for the future, it give them time in the lockdowns to plan according and highlight what they need to have place in case of an event like this again. As modern society is full of uncertainty with a forever changing world its essential entrepreneurs have crisis management in place to ensure the businesses are always ready to adapt if a crisis was to ever occur (Ansell & Boin 2019; Ratten 2020a). It also allowed entrepreneurs to see the importance of training and upskilling. It also defined the importance of entrepreneurship to help the economy recover and grow into a new era with the advancements of technology (Otrachshenko et al., 2022). Covid-19 also demonstrated the brilliance of innovation seeing many entrepreneurs adapt with the times and create many short-term businesses to thrive in the virus to later return to their original business. It has also showed how entrepreneurship and innovation was key to still carry out work and even socialise with friends remotely. Innovation was a very important factor for entrepreneurs to survive the pandemic (Omar et al., 2020)

### Innovations Role During Covid-19

Innovation was key to entrepreneurs during the covid-19 pandemic, it was key for the survival of their businesses, and it has always been found to be the utmost importance for the survival of SMEs not only during the covid-19 pandemic but to any recurring crisis like unexpected market crashes or unexpected world impacting events. It also refers to the introduction of new technology or a sudden mass eruption of new competition or strategies employed by already existing competition (Tornatzky et al., 1990; Adam & Alarifi, 2021). Innovation is beloved to be the specific function of entrepreneurship. It is the process an entrepreneur will do to either creates new wealth-producing resources or use existing resources but with an evolved potential for creating wealth (Kuratko & Hodgetts, 2004/2019). Covid-19 lead many entrepreneurs to evaluate their SMEs to analyse what the best approach to current situation will be. The pandemic lockdowns made it so in-person businesses could not operate. The creation of new technologies like zoom which is an incremental innovation of Skype made it so businesses could still carry out work via online video calls this allowed for entrepreneurs to incorporate remote working for employees so they could continue operations without breaching lockdown guidelines and ensure safety for employees. Zoom itself as a business's saw massive growth in 2020 with having 10 million daily users in December 2019, but by April 2020, that number had risen to over 300 million (Evans, 2020). Other online video chat platforms also saw a surge in users, defining the importance of the innovative use of past technology revamped and designed for the inherent use of meetings and business related purposes. (Omar et al., 2020) research highlighted that entrepreneurs were looking at long term solutions more than they were for short

term fixes, the use of platforms like zoom are likely to be used long after the pandemic ends (Standaert et al., 2021). However, the use of video conferencing does have its issues, it's been many cases of camera, audio and other technological issues, there's also been a hit back from the older generation who struggle to use technology or don't fully understand what and how to use it (Karl et al., 2022). The Covid-19 pandemic assisted in the acceleration to SMEs transition to the digital world and becoming more up to date with new technology, it allowed for entrepreneurs to break the mould and capitalise on larger audiences across the globe and network more efficiently, it allowed for SMEs in UK to get into conversations with global brand leaders in their field to create better and more lucrative business, allowing for SME growth in the future and to assist in mending the damaged cash flows and profits margins from the start of the pandemic, it also will allow the ability for parents who struggle with getting child-sitters or child-cover as they will be at home to look/watch their children without having to have that added stress on a person's mental well-being (OECD, 2021; Webster, 2020). The advancement in delivery technology allowed the UK restaurant industry to still be able to keep afloat during the lockdowns, it allowed many SME restaurants to become online accessible not just the global titan fast food restaurants to be delivered. The development in this technology was massive as it also allowed employees in the delivery sector e.g. Uber Eats drivers, to go back to work as well due to the increase demand create more jobs for any person wanting to do it to help them survive the pandemic (Akpan et al., 2020; Bivona & Cruz, 2021). The coronavirus pandemic had given some entrepreneurs the opportunity to develop their existing business plan and apply the best possible method to their business, it allowed SMEs to innovate in order to survive but also to be ahead of competition and plan for any unexpected future crisis this is applied globally not just for SMEs in the UK (Musa & Aifuwa 2020; h Zutshi et al., 2021).

### Conclusion

This paper aimed to analyse the coronavirus pandemic and its impact on SMEs as well as entrepreneurship and how Innovation and strategic entrepreneurship was needed to combat it and allow the SME a better opportunity to survive the pandemic, in the UK and with references on a global scale. Covid-19 epidemic took the world by surprise and drastically affected SMEs and created complete financial uncertainty and instability for them (Mehta et al., 2020). Covid-19 didn't just have its short term affects its created a cost of living crisis in the UK with 93% of adults claiming its the biggest issue they face in the UK since the covid era, this is due to the financial strain the pandemic created on businesses its created inflation and it's likely the direct cause to the recession set to take place in the UK (Office for National Statistics, 2022a). It did again affect entrepreneurship causing the dismantlement of entrepreneurial ecosystems as well as disrupting the social business norm of how people work, it made difficult even upon the return to offices for entrepreneurs as they then had to ensure employee safety implemented social distancing rules and sanitise stations along with many other PPE measures, however the need for entrepreneurial traits like resilience came in key to beat the pandemic and the resilience of entrepreneurs to save their SMEs was prevalent and key factory in their survival (Overholm, 2015; Hidayat et al, 2020.). Innovation became a clear inherit participant into survival of SMEs in the UK and globally, the introduction of new technologies allowed businesses to digitise and use programs like zoom to carry out their day to day work remotely, the use of online meant that employees could still generate income for the business as well as still get their salary in full and not the 80% from the government schemes this was again key to survival in the covid-19 era. Overall, the paper has found that in order for SMEs to survive they have to innovate and use creativity to be able to still work and continue creating revenue, it's also found that entrepreneurs with great reliance were more likely to overcome the pandemic as well as their ability to continue being innovative (Thukral, 2021). The paper has also highlighted how long term due to covid remote working will become the new norm and covid-19 was the catalyst for the majority of SMEs to become more

digitalised for the long term not just short term, it's made many employees day to day lives easier and with constant improvement of technology this may be good solution for any further unexpected crisis. Digitalisation did pose its weaknesses with its older generation finding it difficult to adapt and use the new technology, there has also been cases of internet cut outs during meetings, bad hardware on some employees, so in order to for this to be the new norm there is still work left to be done for this to happen.

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## Chapter 7

### **Title: Entrepreneurship, Innovation and Creativity: The Creative Process of Entrepreneurs and Innovators**

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#### Abstract

The direction of this essay is to explore creative process of entrepreneurs and innovators. It examines how various kinds of thinking such as analogical, analytical, imaginary, intuitive are effectively used as creative process for business or entrepreneur. It takes into account how learning and composite thinking are used as integrating factor of the various forms of thinking in the creative process. One of the primary objectives is to understand if there is link a left brain and right-brain division when thinking of creativity. To establish whether one side truly overshadows during creativity and in regard to providing to creativity and its entire process. One more objective is to think about how different forms of thinking impact to creativity and innovation and its process, and how to combine them effectively during decision making. Furthermore, it is considered whether and how. At point, develop understand how learning takes place and knowledge gained through the creative and innovative process. The research was conducted following a qualitative methodology by interrogating or interviewing entrepreneurs and innovators in the field to gain unique views or opinion which is significant for the wider and rich findings of the research.

The research examines and analyse the way creative process impact on entrepreneurs and innovators effective thinking. It first reflects on numerous forms of thinking ranging from analogical, analytical, imaginary, and intuitive which core for any rational thinker. Creativity is multidisciplinary and allows you as an entrepreneur to express yourself freely, creativity promotes thinking and generate problem-solving skills and it help in reducing stress and anxiety. Creativity gives you an entrepreneur and inventor the sense of purpose and always ensure that feelings or imagination result to achievement or success and satisfaction.

The research presents the key findings and attributes of creativity and innovation as follows: contextual, cultivated, habitual, proactive, purposeful, directional, intuitive, confident, and assured, aware, non-logical, expensive, and grounded.

The research concludes that entrepreneurs and innovators should adopt strategic thinking to enable them to remain focus and facilitate quick decision making in their businesses.

#### Key words

Creative Process of Entrepreneurs, Creativity, and Innovation.

#### Introduction

This essay will analyse the effect of creativity and innovation on entrepreneurship considering how creative process aid entrepreneurs and innovators. Zhao and Zhao, (2022) presents creativity as techniques which can be broadly categorised into two groups such as analytical and intuitive. The Analytically oriented techniques involves the logical structure of pattern of thinking. The analytical process makes of techniques to Force-Field Analysis and Progressive Concept of idea generation which is useful for entrepreneurship development (Barnard & Herbst, 2018). The intuitive techniques provide entrepreneurs with skill and knowledge to make giant rise or to examine images or symbols to draw possible solution to a problem. This technique employs wishful thinking and Representations which are two distinctive reasonings that present intuitive ideas (Barnard & Herbst, 2018).

There are several forms of Brainstorming used by different group as a technique of creativity by which attempts are made to discover a conclusion for a specific challenge by collecting a list of opinions naturally supported by its members (Gong et al., 2022; Mantra et al., 2022).

In the brainstorming participants are allowed to communicate ideas about an innovation in business which in some instance it strange and the ideas generated seems impossible and may great solution (Alqasham & Al-Ahdal, 2022). The operation of brainstorming is carried out by facilitator who identifies the problem and develop a statement of the problem, then select member to discuss the business ideas and to set up the meeting (Albu, 2021).

Furthermore, conventional Brainstorming does not create very many different ideas which could challenge the accepted norms or break away from a fundamental concept - this technique generates more theory sustaining ideas than breaking the ideas into unit which can be digested for creativity and innovation (Danil, 2022). This is partly due to the adoption of free associated. it does not force the members to use imagination ideas development. However, other do but piggyback on the ideas which solely depend on others for survival following a more structure process (Furnham, 2000).

Swann & Birke (2005) focus on creativity and state that there are three crucial elements or components of creativity such as bisociation, autonomy and incubation. The studies present useful information about bisociation as it is a combination of activity that brings together different views on the same issue, and this is vital for entrepreneurship development. There is a difference between the everyday skillful thinking on a single activity, and the creative activity that is dynamic and operates on multiple planes (Narzullayeva & Bakayeva, 2022). Autonomy involves dealing with fact that result to creative thoughts a person requires to set up its own intellectual and innovative sovereignty. Incubation relates to the fact that creativity does not suddenly occur rather it is motivation and inspiration over a long period of time through as sustained effort of painstaking thinking. Therefore, it is important to note that the mentioned components of creativity are needed to achieve effective development of entrepreneur (Cruz-Suarez et al., 2022).

### Creative Thinking Methods

Creative thinking considers brainstorming in its activity in business development and taking into account that this method deficiency because it relies on evaluation of ideas in the generation phase (Madden, 2021). The importance of brainstorming allows individuals to think better and freely, devoid of fear of judgment. Brainstorming in about business encourages to create ideas and people to be open and develop collaboration about the business. It enables members to develop quick ideas and be able to provide quick solution and generate innovative ideas timely (Galardi et al., 2022).

The key advantage of brainstorming is that it reduces of the impact of dominating individuals; brainwriting make sure that all members have equal opportunity to share ideas. It is evidence that brainstorming allows the variation of ideas between members (Pulkkinen, 2022). It creates room for

each individual to expand ideas and advancing the idea in a way that will be beneficial to organisation. The purpose of brainstorming is by the time the procedure is completed, every person in the team will have of the business idea (Ahmad et al., 2022).

### Analytical Thinking

Analytical thinking in entrepreneur is the capability to envision, communicate, and develop skills for solving simple and complex problems, develop concepts and make effective decision making which make reasonable contribution and ensure available information for business progress (Frolova et al., 2021). Analytical skills consist of a display of the capability to effectively apply logical thinking to collecting and analysing business information, constructing or design a business process and testing the viable solutions to understand possibility of solving the problems, and formulating plans for business success (Bolzani & Luppi, 2021; Bolzani & Luppi, 2021).

It is very important to conduct the analyse information as effective decision can impact on the future of the business and market. An entrepreneur needs to understand political decisions and its effect business as legislation my put a business into serious crisis both locally, regionally, and globally. Therefore, business effective decisions will enhance the quality product and operational activity and create new opportunities for the business to succeed (Dima, 2021).

The creativity and innovation in entrepreneur can be achieved through analysis of personal profile which inform decision making and it is important creation of relationships with partners, co-workers, suppliers, and customers (Gasparin et al., 2021).

There are several impacts of analytical skills in entrepreneur, few examples include, analysing abilities to understand procedure to effectively manage large volume of product, analyse trends facing the business and proffer efficient solutions (Ghazali et al., 2021). Analytical skills provide entrepreneurs with the opportunity to effectively prepare technical report, handling tasks efficiently and set process in place to support ideas implementation (Juliana et al., 2021)

### Imaginary Thinking

A personal ability is linked to implementation behaviours, imagination supports the entrepreneur with the skills to see things not yet existing which include the possible new inventions of product or understanding different factors that could result or impact on the business performance (Arend, Sarooghi & Burkemper 2015)

Though, most persons do not consider business as a creative industry, imagination is just an essential aspect in business that enable entrepreneurs to imaging about the performance of the business (Kinnula et al., 2022). The best entrepreneurs think outside the apparent to produce good ideas and develop strategies to achieve the desire outcome. Imagination is one of the most crucial ideas of a business and the benefits go beyond imagining and creating a new business enterprise (Pittaway, 2021). Successful business owners employed imaginative approach in managing in problem and solving the challenges faced by business (Lee et al., 2023). Imaginable thinking enables business owners to develop multiple solutions to a difficulty situation, even when it seems impossible, and imaginable thinking create swift solutions that usually generate better result fitting the desire need of the business. Entrepreneurs acknowledge the significance of creative thinking knowing that a modest bit of imagination contribute and goes a long way in the improvement of the business performance (Rosseel & Anseel, 2022).

Imagination also facilitates business owners see opportunities for growth and expansion. It is clear many businesses do not grow basically due to owners' inability to see how they could effectively turn



around the business situation by imaging creative thinking and innovation (He & Ortiz, 2021). Entrepreneurs look at their businesses by analysing the present state, then think of what innovative ideas to support the effective growth and development and if even there is a problem think about the solutions. The best business owners are motivated by creativity resulting from brainstorming. Always encourage team member to work collaboratively to ensure business success (Thompson & Byrne, 2022). A team can be successful when teamwork and innovation is promoted, and this can be actualised through consistent imagination of the business ideas (Brown et al., 2021).

### Intuitive Thinking

The true spirit of entrepreneurship is centered around intuition. A thinking that is all about creating and seizing opportunities, utilising the impractical possible. It focusses on building robust relationships and networks that will support business expansion and implement great ideas and opportunities (Manesh et al., 2021).

Intuition is the method of comprehending or realising things without conscious thought. An entrepreneur apply intuition for effective business decision-making. This particularly helpful in taking fast action about a business, deciding on complicated and unusual circumstances facing the business and which is involving high risks, due to dynamic changing business environment intuitive thinking is required, it also useful at the strategic and executive managerial policy development and intelligence (Sasseti, Cavaliere, & Lombardi, 2022). It helpful in the alignment of goals and greater access to creative solutions. This is needed by business decision intuition is geared towards partnership and joint venture (Sadler-Smith, 2016).

### Learning Thinking

There exist some fundamentals in business that an entrepreneur needs to understand such as knowing the essentials for marketing, successful operations, accounting and financial flow, and the human resources. Understanding of the components will entrepreneurship to create a business plan (Foster, 2021). This plan guide each of the business to perform as expected. Learning impact meaningfully to entrepreneur planning process to remain focus build teamwork, encourages persistence, goal setting, and overcoming fear (Shepherd et al., 2015).

### Composite Thinking

Hosseini et al. (2021) states that creative thinking is an active process of alternation amongst convergent and divergent thinking, it is referred to as moving in stages over time, supported by a variety of skills (both inherent and studied) under specific conditions both producing a final output or product. Lee et al. (2021) suggested how unconscious idea provides support to creativity. For instance, imagine a designer trying to develop an initial prototype for a new thought and line of dishwashing machine. Whilst deliberately doing the best on this job, the developer sees several features of shape and role with several possibilities for the line that seems feasible but not extremely exciting or unique. This means that the developer was not under a pressing with deadline, the designer decided to set aside the project for time being and achieve other projects with deadlines. Though, putting together an unrelated report a few days afterward, an idea for the prototype that has mixture elements of the formerly identified alternatives in a unique fashion pop or come to mind. This shows conscious and unconscious and personal experience work together. Griffiths, Costi, and Medlicott, (2022), Ratten and Jones, (2021) and Ince, (2021) all note the diverse number of brain regions involved in creative thinking, the higher cognitive functions that take place in the brain, and also the progression of active brain regions during creative thinking. López-González and Limb (2012) suggested that it is obvious creativity cannot be attached to just one understanding or process, it is always connected to each

other. Here too, it is important to note that creative behaviour is eventually the result of a mixture of the four psychological processes such as deliberate cognitive, deliberate emotional, spontaneous cognitive, spontaneous emotional. This is needed in the mind of the entrepreneur in order to make an effective and impactful decision.

### Discussion

Based on the opinions and views of interviewees, creativity means a capability to re-imagine the challenges faced. It involves imaginative thinking, and in-depth insight or idea. In the process one is required to think outside the boundaries and identifies the apparent issues. The whole rationale of creativity and innovation is to create something new, or what was not in existence. This could be creating or developing entirely new brand, improving, or modifying an existing version of a product, or doing something in a different way as supported by Fuchs et al. (2021).

Creativity and innovation are about imagining things differently, as a means to go beyond to the next stage. Therefore, the goal is to not compete on the same positions rather differentiate to be better and stand clear from competitors. Creativity is about showcasing viewpoint. It concerns with the manner which businesses see things, its ability to effectively utilise opportunities from different views. Imagining what is not in place and looking at business problem and attending to it with deliberate, holistic, and different views. The knowledge behind creativity is about having the correct frame of mind. Seeing behind schedule and viewing issue with complete picture which is what required by entrepreneurs (Juliana et al., 2021).

For business survival, instead of looking at something the way it is, it is better to look at it as a potential, think about it, what could it be. It may consist of creative thinking, free thinking, pattern making and dot connecting. Therefore, creativity is built on understanding and awareness. It is the ability to essentially comprehend the problem, its system, and the changing aspects to enable you work on it (Dino, 2021).

Creative thinking requires meta-thinking. It is not just grouping ideas together but entails better knowledge and in-depth understanding about the situation and problem associated with or the next level of problem-solving skills. This requires the ability to perform at a high-level speed with multiple skills. Creativity incorporates focus and determination. An entrepreneur cannot fully understand complicated challenges. Rather, focusing to identify the real problem will enable development of key discovery and solutions to the problem to be solved Gerwig et al. (2021). Furthermore, focusing on the correct part of the issue is the most appropriate part. Creativity can mean to deviate from the conventional or traditional style of operation. Basically, it demands thinking away from the box (Gouvea et al., 2021).

Additionally, creativity is nurtured. It is initiated and has an environment and society. Its environment can be assessed and contrasted with a garden, which one must create a garden with favourable environment and culture in which creativity of beautiful flowers flourish as same in business environment. Language as a manifestation on mindset or alignment, has a key role to play for survival.

Westhead and Wright, (2016) creativity can be seen as habitual or second nature which can be exhibited on the daily basis, it encourages entrepreneur to not wait until things happened or change is high demanded, rather, the innovator is continually looking for new ideas, and is always looking for new networks. It more of a continuous process and every business seem to be innovative and producing new product in order to remain competitive and achieve the desired performance. Entrepreneur and innovators need to constantly employ creative thinking to inform decision and encouraging team spirit.

Creativity is contextual which requires an event or context to begin from. It is proactive in nature. This suggests thinking, instead of merely responding. Creativity is decisive and feasible. It creates change, and at the same time add value. It entails being realistic and getting the real issue as well as business side of creativity right. It also incorporates market intelligence, and it similarly realises the dynamics of the market (Paulus et al., 2003).

Creativity leverage on intuition and may see opportunities intuitively. Whereas in the centre of something, a quick opportunity that is just for the time may be recognised. Creativity is less about borders, and more about exceeding boundaries. The innovator must be a bit of an idealist to achieve different view (Baldacchino, 2019).

Finally, creativity and innovation believe that something do can exist and look entirely neutral and novel which made is possible to accepts divergent thinking. Creativity has elements of anticipation, proactiveness and resourcefulness. It is capable to foresee the future and predict what is going to be relatively more and less important, with regards to trends. Creativity pays attention to detail, and is aware of the surrounding environment, and the innovator. These key ideas are important for entrepreneur and innovator in making efficient decision.

### Conclusion

In conclusion, the attributes of creativity were presented and discussed. Creativity is interested about different view and new thinking. It is evidence that creativity performs important role in business success in terms of strategic decision. It needs a lot of autonomy, and the research employs qualitative method in order have in-depth knowledge and presents the key findings and attributes creativity and innovation as follows: contextual, cultivated, habitual, proactive, purposeful, directional, intuitive, confident, and assured, aware, non-logical, expensive, and grounded.

It is possible to notice when someone is creative and to differentiate creative people from unserious. There are several reasons to determine a person's creativity such as level intuitive they are, how much anticipation they possess, how proactive they are, how much initiative they show, how open a person is to suggestion, how enthusiastic a person is to explore opportunities, their language and (stage of) thinking, mental predisposition, actions and behaviour, the ability to deal and cope with ambiguity, and originality and thoroughness of thought.

It was also revealed creativity that someone may be naturally gifted to be creative. However, creativity can be created through training, and education or nurture into creativity which plays a significant. Great deal of creativity necessitates a focus to be become better thinker and meta-capability is needed to perform creatively rather than creativity may develop further. Creative expertise is developed, and innovator increases array of tools, and transition between them more smoothly and easily.

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## Chapter 8

**Title: Intrapreneurship, innovation and its role in facilitating organisational development**

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### Abstract

Intrapreneurship as a sub-field of entrepreneurship is increasing in importance due to its crucial role in initiating innovation and serving as a competitive advantage in our quickening economy. Intrapreneurial behaviour of employees, therefore, serves as a strategic tool to improve an organisation's development and performance. This review evaluates conflicting definitions of both intrapreneurs and innovation, what intrapreneurs aim to achieve and how they interact with each other in an attempt to conceptualise what motivates intrapreneurial behaviour to improve innovation within a firm. Specifically, how new ways of working have triggered changes in management styles which have ultimately boosted autonomy and therefore intrapreneurial action.

### Keywords

Intrapreneurship, Innovation, Intrapreneurial behaviour, Organisational development, Competitive advantage.

### Introduction

Academic interest in the subject of intrapreneurship has increased over the last decade (Chan et al., 2017; Alam et al., 2020) as the search for competitive advantage has led to the realisation that innovation is a vital ingredient for survival in the 'information age' (Read, 2000). The role of employees has also changed as decision-making has become more decentralised as employees gain more discretion and responsibility (Foss et al., 2015). Rather than employees being "passive recipients of changing jobs and products" (Neessen et al., 2019) employees need to adapt to a quickening economy and become "innovators" and "differentiators" (Bowen, 2016). Consequently, employees are expected to actively seek new opportunities and undertake risks to introduce and adapt to change (Ross, 1987).



The term 'intrapreneur' is a portmanteau of 'internal' and 'entrepreneur', which was first used by Gifford Pinchot III and Elizabeth S. Pinchot (1978). An intrapreneur is an employee that behaves like an entrepreneur but instead within a company which they work for (Antoncic, 2007; Corbett et al., 2013). Fischer (2011) describes intrapreneurship as "a process of corporate renewal in established firms. The goal of this process is to increase profitability, to enable strategic renewal and to foster innovativeness." Jaen and Linan (2013) also describe it as "the activities of an organisation to enhance innovations, risk-taking and proactive responses to forces from the environment." Whereas other researchers define the practice as a bottom-up, proactive engagement of individual employees who can turn ideas into successful innovations which benefit the organisation (Moriano et al. 2011; Pinchot 1987). Corporate entrepreneurship (CE) is another term used to describe intrapreneurial behaviour (Sharma & Chrisman, 1999; Rigtering & Weitzel, 2013). Although these terms are often used interchangeably, studies suggest that CE refers to entrepreneurial activity which is governed by top-down structures compared to bottom-up innovation (Rigtering & Weitzel, 2013).

Intrapreneurs aim to increase an organisation's (1) inventiveness ie., discovering new products, services and technologies as well as business models, (2) new business ventures ie., targeting new audiences with different products and services, (3) self-renewal of the organisation ie., restructuring and development, (4) proactivity whereby the organisation aims to act in advance to avoid difficulties in the future, (5) opportunity recognition and exploitation and finally (6) risk-taking (Antoncic & Hisrich, 2001).

Unlike entrepreneurs, intrapreneurs have access to an already established, company's resources such as knowledge and finance, limiting personal risk and short-cutting many duties of the classic entrepreneur (Somers, 2018). However, intrapreneurs are still responsible for the management and successful implementation of an idea as they are "the dreamers who do" not just an "ideas factory" (Pinchot, 1978). Zhu et al.'s (2014) study into the characteristics of intrapreneurial employees also concluded that "they are a combination of thinker, doer, planner and worker. They combine vision and action." This is based on their framework of four different innovation roles employees play, combining creativity and proactivity. Followers (low creativity and proactivity), proactive founders (low creativity and high proactivity), creative innovators (high creativity and low proactivity) and intrapreneur (high creativity and proactivity). Therefore, promoting intrapreneurial behaviour can increase a firm's innovativeness, internal performance as well as reactivity to external changes

(Augusto Felicio et al., 2012). This in turn can lead to permanent organisational development (Falola et al., 2018) which can strengthen an organisation's long-term strategic performance, serving as a competitive advantage.

### Intrapreneurship and innovation

Vesper (1984) describes intrapreneurship as “employee initiative from below in the organisation to undertake something new; an innovation which is created by subordinates without being asked, expected, or perhaps even given permission by higher management to do so.” Carrier (1996) agrees with this statement, stating that intrapreneurship is the same as innovation, only that it is initiated by employees and then approved by management. Covin and Miles (1999) also said “innovation is at the centre of the nomological network that encompasses the construct of corporate entrepreneurship.” This demonstrates that innovation is at the core of intrapreneurship, therefore, to support ongoing innovation, intrapreneurship is essential (Sudirman, 2020).

Innovation can be defined in many ways. Drucker (1984) described it as an entrepreneur's tool to exploit change, a discipline which can be learnt and practiced. Innovation is also said to be “an idea, practice, or object that is perceived as new by an individual or other unit of adoption” (Daugherty et al., 2011). In addition, Tidd, Bessant, Pavitt, and Wiley (1998) stated that innovation is a process of turning unique ideas into widely used practices, similar to Bentz (1997) who thought innovation should aim to achieve new processes, services or products to better market a company. Therefore, many academics concluded that innovation is “any practices that are new to organisations, including equipment, products, services, processes, policies and projects” (Damanpour, 1991; Kimberly & Evanisko, 1981; Lin, 2007).

To be actively innovative, members of an organisation need to possess innovativeness (Zawawi, 2016). From a behavioural standpoint, Feaster (1968) posed that innovativeness is having a positive attitude towards change and an awareness of its importance. Firms need to be willing to adopt new ideas (Menguc & Auh, 2006; Woodside, 2005) therefore must embrace a culture of openness (Hurley and Hult, 1998). Huang et al. (2021) also suggests that through sharing ideas and information, organisations become more innovative and competitive with intrapreneurial employees and projects driving strategic renewal (Rigtering & Weitzel, 2013). Therefore, intrapreneurial behaviour can be

seen as an outcome of innovativeness. Park et al.'s (2014) research suggests that this behaviour positively correlates to an individual's voluntary searching and sharing of information, reflecting a positive attitude towards change. This behaviour is considered strategic as it may create value as well as enhance an organisation's adaptiveness (Kim & Rhee, 2011). Moreover, Skarmeas et al. (2016) claimed that intrapreneurship can enhance a company's present and future performance as the exploration of capabilities can develop knowledge or improve existing knowledge of the market in which the firm operates within.

Innovation is important for both large businesses and Small and Medium Enterprises (SMEs) as it serves as a competitive advantage within an increasingly turbulent and competitive economic environment (Blanka, 2018). New innovative business development and education on innovativeness can improve a firm's strategic competency (Vanhaverbeke & Peeters, 2005). Innovation is also vital for SMEs as it allows them to operate within existing markets, especially new start-up businesses as they need to diversify in order to attract customers away from established brands (Alfirevic et al., 2011). For any size business however, in any business environment, firms have to create new, quality products to stay competitive (Davey & Sanders, 2012; Hamel, 2006). As businesses constantly focus on the creation of new products (Herzog, 2011), serial innovation allows firms to succeed by making small changes over time continuously causing transformational change thus allowing firms to stay relevant.

Frito-Lay during the mid-1980's was going through a tough time so the CEO Roger Enrico announced a new initiative for all employees to 'act like an owner.' Richard Montanez, a cleaner at the time, suggested the idea of a new product flavour catering more to the taste of Latinos, the now Flamin' Hot Cheetos which has become Frito-Lays most successful launch. This scheme allowed for more "customer- centric innovation" (Medley, 2019) which allowed the company to expand it's customer base across cultures. This bottom-up approach to innovation is reflective of intrapreneurship as the company has given employees the means to suggest, develop and criticise plans for the business which allows for a smoother transition into new market places.

In comparison, Southwest Airlines' relaxed culture allowed Marty Cobbs to feel comfortable enough to ad-lib standard safety announcements in a humorous way. Her YouTube fame caught the attention of management which lead to them encouraging the practice. Southwest Airlines' safety

announcements are now worth an estimated \$140million a year in increased customer loyalty (Southwest Airlines, 2017) this development serving as a competitive advantage for the organisation.

### Encouraging intrapreneurial behaviour to increase innovation

There have been many studies into the factors which establish an entrepreneurial spirit in individuals, the basis for an intrapreneurial employee. A focus on demographic characteristics has revealed mixed findings. Camelo-Ordaz et al.'s (2012) study found no correlation between age and education with innovation whereas Urbano and Turro's (2013) study found higher levels of education increased the likelihood of intrapreneurial behaviour. As a result, many studies now focus on personality traits to distinguish individual-level characteristics of entrepreneurship and thus intrapreneurship (e.g. Williamson et al. 2013). Studies based on the Big Five model, the belief that there are five basic dimensions of a personality, try to pinpoint which characteristics cause employees to act more innovative. Sinha and Srivastava's (2013) study found that employees with extroverted personalities are more likely to have work values of creativity, assertiveness and achievement therefore more likely to behave intrapreneurial. Their research also concluded that employees with a neurotic tendency showed less intrapreneurial motivation. Research on entrepreneurial values shows that persistence, ambition, creativity, risk-taking and optimism also induce innovation (Camelo-Ordaz et al. 2012). A further characteristic is an initiative as from the bottom-up perspective of intrapreneurship, intrapreneurs proactively encourage change to fulfil organisational goals encompassing the entrepreneurial spirit (Sinha & Srivastava, 2013). Gawke et al. (2019) suggests this is a key motivator of intrapreneurial behaviour. Namely, an employee's perceived value of their entrepreneurial capabilities increases their initiative and engagement with other intrapreneurial activities.

Managers and their leadership styles also play an important role in facilitating intrapreneurship (Mueller et al. 2018; Sperber and Linder, 2018) as previous research has demonstrated a strong correlation between the two (e.g. Edu Valsania et al. 2016; Moriano et al. 2014). Edu Valsania et al. (2016) showed that authentic leadership increased intrapreneurial behaviour as well as transformational leadership evident in Moriano et al. (2014)'s study, whilst also concluding transactional leadership halts innovation. Gerards et al. (2018) hypothesised that new ways of

working (NWW) may initiate intrapreneurial behaviour as many have increased the use of transformational leadership. For example, autonomy is an NWW as direct supervision is absent with a focus on employee output. This in turn promotes the use of transformational leadership (Gerards et al. 2018). Transformational leadership is described as causing a change in individuals as well as social systems. In its authentic form, it aims to connect the employees to a larger collective identity of the organisation to motivate and inspire. Downtown (1973) first coined the term while Burns (1978) first introduced the concept alongside transactional leadership. According to Burns, transformational leadership aims to alter perceptions and values to change the expectations and aspirations of employees. Juxtaposed to the transactional style which is based on a 'give and take' relationship. Transformational leaders lead by example to better present the visions and goals of the organisation through their charisma, optimism, and intelligence (Bass, Avolio & Atwater, 1996). This inspires employees to achieve more than their presumed potential thus allowing for a more outspoken and interactive culture, boosting intrapreneurial behaviour. Transactional managers however operate within an existing culture which limits innovation. Bass et al. (2014) suggests this is because a transformational leader believes in and supports the individual talent of every employee therefore each member's voice is important. However, if management emphasises efficiency over all else, even with autonomy employees will be reluctant to show initiative (Jung et al. 2003; Yukl 2001). This highlights the importance of management even when basic motivators of innovation are in place.

Following this, organisational networks can facilitate intrapreneurial behaviour (Heinze & Weber 2016; Rigtering & Weitzel 2013) as social exchanges can develop ideas (Bouncken et al. 2018; Fried et al. 2007; Russell 1999). Open channels of communication and providing systems in which ideas can be evaluated, selected and developed positively relate to intrapreneurship (Castrogiovanni et al. 2011; Marvel et al. 2007). This can also increase job satisfaction and self-efficacy (Duygulu & Kurgun 2009; Globocnik & Salomo 2015). However, NWW especially after COVID-19 has increased employees' flexibility both with working hours and working location with the increase of ICT, limiting employee interaction and therefore social exchanges (Gerards et al. 2018). High-quality social exchange is described by Fried et al. (2007) as mutual support and high levels of interaction are sustained by trust. This trust allows employees to take more risks such as the adoption of intrapreneurial behaviour (Hughes et al. 2018; Rigtering & Weitzel (2013). Intrapreneurial behaviour does create career-related risk for the employee (Kacperczyk, 2012) as such, organisations may miss innovation opportunities if employees don't feel trust to fail among co-workers. As well as this, the

reciprocity principle (Cropanzano & Mitchell 2005) which is the expectation that people will return benefits for benefits will increase through a shared trust which can also trigger innovative behaviour (Hughes et al. 2018).

This consequently forms a culture of innovation which reflects autonomy and a tolerance for failure. Augusto Felicio et al. (2012) suggests that autonomy is essential to intrapreneurship while Aramburu and Saenz (2011) note that tolerance of failure is key to participation in intrapreneurial behaviour. Firms that possess an innovation-based organisational culture can improve employee capabilities through risk-taking, proactivity, self-determination and extension of the individual networks which results in the firm working intrapreneurial (Huang et al. 2021). This can also drive individual growth for employees as the opportunity to act intrapreneurial in a trial-and-error type way boosts perceived entrepreneurial capabilities which then increases the individual's confidence therefore engagement with the intrapreneurial process.

Intrapreneurship is seen as a prerequisite for change and survival of a firm as it encourages individuals to continuously develop new business ideas for primary employers (Elert et al. 2020). Antoncic's et al. (2003) article Clarifying the Intrapreneurship Concept defines intrapreneurship as an emergent behaviour which contrasts customary ways of doing business within an existing organisation. Berzin's et al. (2016) definition which "speaks of intentions and behaviours that are distinct from traditional practice" also supports this theory. The emphasis on greater autonomy through structures of shared meaning, for example, encouraging creativity and hard work (Ebeling, 1999; Pongracic, 2009) can pose risk to a firm however. Heinze and Weber (2016) go on to say that the entrepreneurial efforts of employees are due to their lack of authority and power. It can result in inferior incentives for employees as well as diminished efficiency compared to the previous hierarchy in favour of 'golden opportunities' whereby employees believe they can act opportunistically without being detected (Pongracic, 2009; Rose, 2012). Therefore, the freedom required for intrapreneurial behaviour is the same freedom which allows employees to be non-productive (Foss & Klein, 2012). Societal institutions often shape intrapreneurial incentives in addition to firm rules (Mahoney & Thelen, 2010). Rose (2012) theorised that nations characterised by high trust have more decentralised government systems within businesses, as employees are seen as more trustworthy and therefore encourage intrapreneurial behaviour. Compared to organisations operating with strong employment legislation showing social structures less reliant on trust.

The willingness of employees to engage in intrapreneurship is influenced by the type of reward offered (Scheepers et al. 2008). Therefore, reward systems play a vital part in constructing a climate conducive to intrapreneurship (Parbhoo, 1997). Formal rewards such as financial incentives for cost-saving ideas or promotions due to successful innovation (Block & MacMillan, 2003) can also discourage behaviour not linked to these activities. However, rewards can encourage a risk which is associated with intrapreneurial behaviour and help in achieving a culture tolerant of failure. Rewards of recognition can also help middle managers embrace the challenges of intrapreneurial projects (Kuratko & Hodgetts, 2004). This forms managers into role models (Govender, 1998) which inspires other employees to act intrapreneurially, reflective of transformational leadership and the qualities it possesses.

### Conclusion

Intrapreneurs differ from entrepreneurs in terms of context as their innovation is met with organisational boundaries such as willingness for risk undertaking, they also differ from other employees of the same organisation who work in a traditional manner. The characteristics of intrapreneurs include innovativeness, creativity, proactivity, independence and self-confidence alongside a desire for personal and professional growth therefore willing to assume responsible risk, much the same as entrepreneurs.

Intrapreneurship changes the way firms pursue innovation as it gives employees more autonomy to act upon ideas which may cause either product innovation or process innovation as seen in Frito-Lay and Southwest Airlines. Intrapreneurship can be encouraged through different management styles and also a culture of open communication, favourability towards change and flexibility. In conjunction, appropriate rewards, goals and support from senior management as it creates new opportunities and insights for businesses from the utilisation of a bottom-up structure where employees feel comfortable to act in an entrepreneurial manner. However, increased trust can backfire if inadequate rewards are in place for productivity as generally employees work to receive.

There is a strong link between individual intrapreneurial actions and organisational outcomes, implying employees can alter the strategic direction of a company (Alt & Craig 2016; Heinze & Weber 2016). Successfully encouraging intrapreneurial behaviour increases organisational development, allowing an organisation to stay relevant. Intangible, human assets of creativity and innovation therefore prove to be increasingly valuable in our quickening, globalised economy whereby organisations fiercely compete to stay relevant.

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## Chapter 9

### **Title: Fundamental skills for entrepreneurs: Is creative thinking the main driver?**

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#### Abstract

Entrepreneurship is driven by creative thinking and innovation. This article aims to critically analyse why creative thinking is beneficial for the success of start-up businesses and aspiring entrepreneurs. Creative thinking can be defined as the ideas and concepts thought of in relation to new and unique solutions to problems. Creativity is considered crucial for many entrepreneurs, as it allows imagination to invent interesting and versatile solutions to problems, benefiting businesses to become market leaders. Previous research has been carried out to greater understand the creative motivations behind business startups, this paper develops and builds on ideas from this research. To support this report, secondary research was carried out to gain an overview of entrepreneurial motivations. Of primary interest is answering three main questions. The first being, is creative thinking the largest driver for new and aspiring entrepreneurs? Secondly, to what extent does creative thinking influence the decision to start up a business? The last question this piece will attempt to answer is how creative thinking is linked to the success of entrepreneurs and their businesses? This assignment will also attempt to show the impact of COVID-19 on entrepreneurs and startup businesses, whilst also looking into how creative thinking is essential for dealing with the challenges faced. The findings show that creative thinking does influence entrepreneur's business decisions regarding startup businesses and is a fundamental quality and skill for business success. Additionally, this article will critically analyse the extent to which other qualities and skills may influence the decision to start a business as a new or aspiring entrepreneur. These qualities include, financial motivations, ability to take risks and passion for the business. The findings present the argument that creative thinking is the driver of new startups and a beneficial skill for entrepreneurs. Due to limited resources and time, this article can be built on and developed in the future with primary research completed to analyse the fundamental skills needed for startup businesses to be successful.

#### Keywords

Entrepreneurship, creative thinking, innovation, start-up businesses, COVID-19

#### Introduction

Creative thinking is the main building block for innovation and entrepreneurship. Thinking creatively is the ability and willingness to surface ideas and solutions to problems that are original and imaginative. (Harris, 1998). Innovation and creativity come together in entrepreneurship, but they are not the same, creativity is the tool used to drive innovation and put it into action. (Juliana et al., 2021). Creativity is one of the key qualities and skill sets of successful entrepreneurs as it enables new and inventive ideas in regard to start-up ventures. (Yoganandan & Dinesh Kumar, 2021).

Entrepreneurial creativity is regarded as important, with previous research criticising the education systems for not encompassing creative thinking into the teaching of entrepreneurship. (Tantawy et al., 2021). In addition to criticising, other research has suggested how showing value in creativity within entrepreneurship teachings correlates to improved motivations and abilities. (Wang et al., 2022). In brief, there is a positive outlook into the association of creative thinking alongside entrepreneurship. While this is the case, there are other qualities that help deem an entrepreneur's success that can suggest that creative thinking is not fundamental for innovation of startup businesses. Some of these qualities and skills include, self-motivation, personal willingness to take risks, financial motivations, resilience and problem solving. (Shahzad et al., 2021; Jardim, 2021). These entrepreneurial skills and qualities are not always hereditary, and they can be developed through time spent in the business environment. Altogether, a successful entrepreneur has to have a range of creative, functional and knowledge-based skills to set up a business, but this article will aim to analyse the extent to which creative thinking drives entrepreneurs.

### Creative thinking drives entrepreneurs

Entrepreneurs have a drive and desire to invent new products and services to set themselves apart from competitors in the market or help to solve problems with new and inventive ideas. (Warnik et al., 2021). In order to develop ideas, creativity is essential as it allows original ideas and imagination to encourage innovation. Furthermore, new and aspiring entrepreneurs should be encouraged to think creatively and if they have not developed the skills already, they should be encouraged to learn how to think more creatively. (Tantawy, 2021). Additionally, there is a reflection of the importance of creative thinking through entrepreneurship education programs with 80% of them requiring creativity training. (Wang et al., 2022). Another separate survey found that of 180 business students, the ones with higher entrepreneurial intentions also believed they were creative individuals. (Shi et al., 2020). Creativity is part of a process for entrepreneurs, as they should take steps to find a solution for services or products that are in demand, relevant and unique. This process can be time consuming and it usually requires drive and passion to not only create ideas but also put them into action. (Smailhodžić & Berberović, 2021). This links closely to Wallas' Creative Process Model (1926) that highlights the idea of incubation as the second stage in the model. It demonstrates that in order for entrepreneurs to attack a problem, they must first look and analyse at it through multiple perspectives and then pick the most suitable one, but as they do this, they must allow un-bias and unconscious ideas to flow to allow the generation of new ideas. This helps entrepreneurs to think 'outside the box' and explore problems with a unique viewpoint. (Briones, 2020).

If an entrepreneur chose not to involve creative thinking in their work, then there would likely be no individualism in their business and competition would likely override them. For this reason, creative thinking is encouraged within all businesses not only for entrepreneurs but also for employees and managers within the businesses. (Hisrich & Soltanifar, 2021). This suggests the importance of the skill and how it can benefit businesses and individuals in their success. With such a fast-changing business and economic environment we live in, the demands and needs of customers is constantly changing and this results in a persistent need for new and inventive ideas and solutions. There are constant changes in the global business environment that can present entrepreneurs with new opportunities, but also threats to their businesses. It is down to the entrepreneur to make the decision to utilise resources and optimise creative thinking to adapt accordingly to the changes. (Cherunilam, 2021). Thus, suggesting how creative thinking does help drive entrepreneurs, especially at times of uncertainty and change.

To elaborate, the impacts of COVID-19, led to many changes in the business environment, and new and aspiring entrepreneurs had to adapt their business plans accordingly. (Anguinis et al., 2021). For many entrepreneurs this would have required creative thinking to come up with resilient adaptations to their businesses where startup may have been delayed, digitally adapted or made COVID friendly. (Krishnan et al., 2022; Wendt et al., 2021). For entrepreneurs looking to set up their business during the peak of the pandemic, it would have proved challenging and off-putting due to hearing about several small businesses struggling. The Goldman Sachs survey (2020) highlighted that of 10,000 small business owners 45% reported that they had to change or pivot their business models. These factors all result in entrepreneurs trying to bounce back from any damage caused. This recovery, although challenging, can be beneficial in ways. One issue that many entrepreneurs faced was the changing needs of customers, which would require opening up perspectives and adapting their market plans in order to survive. (Liguori & Pittz, 2020). One of these changing needs was the large shift from offline to online sales with a growth of 180%, which mostly reflects the impacts of lockdowns and at home isolations on customer purchasing decisions. (Fairlie & Fossen, 2021). It results, in entrepreneurs utilizing their creative thinking skills to try and overcome the issues, thinking in ways that they may not have thought before, which will help to broaden this skill. (Shamra et al., 2022). Overall, this suggests that creative thinking does drive entrepreneurs, especially in times of difficulties and change, where new and adaptive thinking is required to drive new innovations that involve thinking outside the box.

However, there is a range of research that has found financial gain motivations to be the driver of startup and aspiring entrepreneurs. (Murnieks et al. 2019). The main financial motivators include new sources of income and earning more money to make a living, leading more entrepreneurs to start up a business. (Miller & LE Breton-Miller, 2017; Caliendo & Kritikos, 2019). Financial motivation can have both positive and negative impacts on startup businesses. A negative impact may be that there is no genuine desire and passion for the business but rather the goal of getting money, so the business may not be very successful. One positive impact from financial motivation would be that the business would be money savvy and the entrepreneur may be more driven to succeed in order to make money. (Toms et al., 2019). So it can be suggested that financial gain drives new and aspiring entrepreneurs to some extent but, the real driver is creative thinking and there is a clear relation to success with creative thinking abilities, rather than financial motivations. (Burns, 2016).

### Creative thinking and startup businesses

Starting up a business requires many skills and abilities, one of the fundamental skills being creative thinking. With regard to new and aspiring entrepreneurs, Arthur van Hoff expressed that startup teams in The Netherlands consist of “very creative people (...). We need creative people, people that can make something”. (Ester & Maas, 2016). Suggesting the importance of creativity when setting up a business as it enables the ability to create original and unique ideas, which is needed in a constantly changing world. (Ritter et al., 2020). In order to get a business idea that’s successful and worth setting up, it requires adapting to the requirements of the changing businesses environment. Information and knowledge were previously the main driver of new businesses, more recently with societal changes creativity is now the main creator of new ventures. (Kim et al., 2018). One of the main drivers of societal changes impacting businesses is sustainability and environmental impacts. Creative thinking enables new and aspiring entrepreneurs to develop business plans to make them more sustainable through creative problem solving. (Awan et al., 2019). The decision to start up a business can be influenced by creative thinking, as it allows entrepreneurs to develop plans through creative problem solving. (Mitchell & Walinga, 2017). This links closely to Campbell’s Evolution and Creativity Theory that underlines the need to expand and move on from old or previously done business proposals in

order to bring in new knowledge and creativity to result in business success. (Carayannis et al., 2022). To many, the chance to express creative thinking through the revolution of ideas, building on others' plans and improving past mistakes, makes the idea of starting up a business very appealing. Creativity can influence new and aspiring entrepreneurs to go beyond the generation of thinking, to the action of innovation and creation of the business. (Boone, 2019).

COVID-19 has significant impact on the startup of small and independent businesses. In 2020 there was a record 770,000 new businesses created in the UK. (Jordan, 2021). The reason for the increase in startups could be due to unemployment, as many businesses struggled to survive, resulting in people looking for different ways to make money. (Seetharaman, 2020). It was reported that there was a 22% drop of business owners between February and April in 2020, reflecting the early impacts COVID-19 had on businesses. (Fairlie & Fossen, 2022). Although challenges were imposed on the unemployed, this may have led to an opportunity as they had the time to identify new business models and be innovative, through creative thinking. (Aldianto, 2021). As a startup entrepreneur, there are many challenges that a global pandemic may have on your business, such as customer satisfaction and demand and supply disruptions. (Secláček & Sterk, 2020). The US Census Bureau highlighted that that 90% of small businesses in 2020 were to a large or moderate extent negatively affected by COVID-19. (Katare et al., 2021). The consequences that these challenges have on the businesses relate to the loss of sales alongside paying high expenses. (Kuckertz et al., 2020). But to overcome these issues, entrepreneurs can utilise creative thinking skills to adapt and improve their business models to make them more sustainable for the present implications as well as the future. (Widiyanto et al., 2020). The adaptation of business models may include new value propositions, identifying new customer segments and selling online for short and long-term periods. Therefore, it can be seen that creative thinking does help influence decisions in startup businesses, and it is a skill that proves to be important at challenging and changing times.

However, it can be suggested that one of the more influential factors steering the decision to start up a business, is the ability to take risks. With the majority of new business ventures being unsuccessful, the decision to start a business can be risky and entrepreneurs must be aware of potential pitfalls that they could face. (Marullo, 2018; Blumberg, 2013). Ash Maurya (2012) stated in her book that 'the biggest risk for most startups is building something nobody wants', this suggests that entrepreneurs could face their business collapsing if it does not appeal to an audience, this would result in significant financial loss. Alongside this, other possible high-stake risks associated with startup businesses include management risk, stage of business, legislation risk, manufacturing risk, sales and marketing risk, capital rising risk and reputation risk, which all need to be understood and identified by entrepreneurs in order to be mitigated. (Montani et al., 2020; Ravi, 2014). A successful entrepreneur would prioritise an in-depth risk assessment to ensure that their business is clear of them and can be successfully launched, but additionally will take the risks and not be afraid to launch a new business despite potential challenges. (Ganguly & Euchner, 2018). It is apparent that the ability to take risks largely influences the decision to found a business, however, in order to mitigate and manage the risks entrepreneurs face, creative thinking is also essential as it allows ideas and solutions to be made.

Creative thinking in relation to success

Successful entrepreneurs and startup businesses require the ability to encourage creative thinking in all sectors of their business to stand out and set themselves apart in their market. (Okpara, 2007). Creativity is defined as 'being able to do imaginative and non-routine things while also building on tradition to achieve profitable outcomes' as stated by Fills and Rentschler (2006), cited in Irwansyah (2019). Based on this, creative thinking can correlate to the success of entrepreneurs as the more innovative and creative an individual is, the more profitable and successful their business will be. Will King, the founder of King of Shaves, stated in *Real Business* (2009) that 'creativity is now king, not cash'. (Burns, 2016). Suggesting that the real focus of startup should be innovation and creativity as that is the substance that will progress your business to stand out in the market and be a success. With a report that suggests around 72% of high school students want to become an entrepreneur after graduating, it is evident that creative thinking will be utilised by many to create their own ventures. (Bauman & Lucy, 2021). It is challenging to enter a market with a new business idea which is why creative thinking along with competitive advantages are fundamental to the future success of entrepreneurs. Following this, it was displayed in the journal article that there was positive correlations made between business success and entrepreneurial creativity, supporting the idea that it is beneficial for success. (Chang & Chen, 2019). It is clear that many entrepreneurs enjoy coming up with ideas that involve thinking outside of the box and get satisfaction from achieving creative and inventive goals for their business. (Angel et al., 2018). With constant changes in society and business, creativity needs to be incorporated into entrepreneurship in order for businesses to be successful in the long-term, with developments of sustainable innovations. (Boldureanu et al., 2020).

Creativity is one of the many key qualities that enable entrepreneurs to adapt and continue to succeed and grow during threatening and challenging times, like COVID-19. (Akula & Singh 2021). During peak times of the pandemic, many new and small businesses had to be resilient and agile to make the best out of the bad situation, the successful businesses that did this would have recovered and grown remarkably, those that didn't would have crashed. (Doern et al., 2019). At times of crisis, businesses must be able to identify issues and then act accordingly to fix them effectively and quickly to minimise damage. One way businesses acted on this, was through understanding and utilising digital transformation. (Fitriasari, 2020). This links closely to the concept created by Teresa Amabile, called the creativity-relevant process. This process suggests that creativity is complementary to the ability to problem solve and personality traits such as self-discipline. (Kukkonen & Bolden, 2022). In order for entrepreneurs to be successful during the COVID-19 pandemic, they had to have a deeper understanding of their traits and self-monitor themselves to adapt and overcome the changes implemented upon them. COVID-19 had an outstanding impact on the use of technology, in particular the use of social media to sell and promote products online. (Susanto et al., 2021). This resulted in entrepreneurs having to creatively strategise business plans to gain a greater understanding of how to digitally market products and sell online. Digital innovation on social media allowed buyer-seller interactions to take place, whilst social distancing was in place and this allowed customer relationships to continue to develop, helping to build business success. (Kang et al., 2020). Therefore, creative thinking does affect the success of a startup business, it is clear that businesses need to be ready to quickly create ideas and solutions to issues, in order to prosper in difficult times.

That being said, there are highly successful entrepreneurs that have not built their businesses off creative thinking, showing it is not fundamental for startups. An example is Steve Jobs as stated by Malcom Gladwell (2011) in an article where he claims that Jobs tweaked other people's businesses and ideas by building on them and improving them in order to create Apple's products. (Blumberg, 2013). This suggests that even one of the world's entrepreneurial leaders didn't require creative thinking for his success and innovation. In addition to this, creativity is not beneficial if entrepreneurs do not have passion for their products and business. Passion is a significant driver in entrepreneurial

success as there is a passion for growth, when entrepreneurs are less interested in their business there is a lower level of interest and time spent on it. (Feng & Chen, 2020). Successful entrepreneurs utilise a range of skills and qualities in order to create a successful startup business, not all startups will prosper, but the ones that do, would have recognized opportunities and built on them. (Burns, 2016).

### Conclusion

This article has attempted to show an understanding of how creative thinking drives new and aspiring entrepreneurs to startup a business. All entrepreneurs have different characteristics, skills and abilities, but they may not be fundamental or beneficial to starting up a new business. Through analysing my findings, it is clear that there are certain key skills and qualities that a successful entrepreneur must have or develop in order to make a good startup business. These skills include creative thinking, problem solving, passion for the business and products, the ability to take risks and financial motivation. Having these skills as an entrepreneur will help assist the development and the future success of a business as they are transferable skills that can be used to the business's advantage. On the other hand, there are arguments and secondary data and research that presented the idea that some skills were more beneficial than others and fundamentally will have the best positive impacts as an entrepreneur and help provide the most opportunities.

The main conclusion is that creative thinking is a primary tool used by entrepreneurs to create new opportunities within a business and assist in driving innovation. Although other skills can help motivate entrepreneurs to establish a business and plan, they are not necessarily enough to build a business that can be adaptive and grow with changes and innovation. Without creative thinking, there is little individuality to your business and products, setting you at a disadvantage within your market and will in turn link to low success rates. In this article, it has also been discussed that creative thinking assists entrepreneurs to adapt to global changes and challenges, such as COVID-19. Through periods where challenges are imposed on a business, a successful entrepreneur will use imagination and knowledge to support the business's recovery and help to take advantage of new opportunities. This is why it can be argued that creativity can provide businesses with competitive advantage, as entrepreneurs are able to generate advanced and innovative ideas as well as improving existing ones. Overall, creative thinking does help to drive entrepreneurs and assist in making startup businesses a success.

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## Chapter 10

**Title: Relationship between unemployment and entrepreneurship in different economies**

**Author: Leonie Hanna Rapp**

### Abstract

The presented paper investigates the relationship between unemployment and entrepreneurship by differentiating between developing, emerging and industrialised economies. The level of development of a country is decisive for the entrepreneurial motivation of individuals. Since business creation is important for economic growth and job creation, it is relevant to know why businesses are or are not created within certain markets. In the following, studies and theories of the past years are used to show that the reasons for which start-ups are founded are diverse and dependent on multiple internal and external influences such as economic stability, financial uncertainty, or educational background. Primarily, a distinction is made between necessity-driven and opportunity-driven business start-ups. Qualitative examples of countries of different levels of development are used to illustrate the aspects that drive individuals to make the occupational choice to become an entrepreneur. Hence, how the unemployment rate in general positively affects entrepreneurship. The “recession-push” is further analysed to investigate how a financial crisis influences and changes economic activity in different European regions depending on economic stability, GDP, and work-related insecurity.

Furthermore, illustrative examples of different economies are included to demonstrate why a high unemployment rate could also lead to a decrease in entrepreneurship. Meaning, how the unemployment rate negatively affects entrepreneurship. This thesis is mainly built on the assumption that a high unemployment rate leads to less disposable income and therefore to a lower consumer spending and demand. In addition, the extent to which the political environment of a country influences the survival or failure of a business due to a lower legal basis is analysed. A distinction is made between the different stages of development.

The results indicate that there are positive and negative links between entrepreneurship and unemployment that are highly dependent on a country’s level of development. In emerging and developing economies, start-ups are mainly founded out of necessity, as there are not enough job opportunities. In industrialised countries, however, the primary reason to become self-employed is to expand the market and the desire towards realizing own visions and becoming financially independent. Moreover, studies show that businesses are more likely to fail in developing and emerging economies than in already developed countries as individuals are mostly less educated, and the political stability is more volatile, resulting in less financial reserves.

The implications of this research underline that it is important that small entrepreneurs in emerging and developing countries are actively supported by governmental organisations in their venture. This can be done by improving educational possibilities, but also through a more secure legal system. Additionally, it is important that the unemployment rate among young people is significantly minimised and that there are enough stable job offers on the formal labour market, so that the urge to enter the informal sector is reduced. Moreover, as entrepreneurship also contributes a lot to the economic growth and GDP in developed countries, it is vital to keep up governmental support and educational expertise for this sector.

### Keywords

Emerging economies, developing countries, unemployment, entrepreneurship, level of development

### Introduction

The unemployment entrepreneurship nexus has been widely researched over the past years and decades (Cheratian et al., 2019). Numerous studies, some of which are mentioned and analysed in the following, show that there is a close correlation between unemployment and entrepreneurship (González-Pernía et al., 2018; Santos et al., 2017). This relationship is mainly influenced by one external factor, which is the level of development of the economy within a country (O'Leary, 2022). Whether it is a developing country, an emerging economy or an industrialised country is decisive for the opportunities that arise for potential entrepreneurs (Amorós et al., 2019; Xu, 2022). This can be attributed to the fact that a differentiation must be made as to whether the foundation of a company is due to reasons of necessity or opportunity (Alam et al., 2021). However, in general, small businesses are essential for economic growth as they drive the creation of new jobs and as they have an innovative advantage over larger organisations (Xu, 2022). The following paper analyses how the level of development of a country and linked external influences, such as educational possibilities, economic stability, or financial opportunities, affect the creation and survival of start-ups. It analyses the different motivations that lead individuals to become self-employed. Additionally, it also distinguishes whether the link between unemployment and entrepreneurship is positive or negative and accordingly leads to an increase or decrease in business start-ups.

### Interdependencies between the unemployment rate and entrepreneurial activities

A commonly held believe is that entrepreneurship and the linked entrepreneurial motivation is positively related to the unemployment rate (Galindo da Fonesca., 2021). There are two different perspectives explaining and analysing this relationship. The unemployment push effect, which describes the necessity-based entrepreneurship, and the prosperity pull effect, that stands for opportunity-based entrepreneurship (Belda & Cabrer-Borrás, 2018). The push effect focuses on the aspect that a high unemployment rate lowers the possibility to obtain a stable job and expected income, which in turn forces the person to become self-employed to avoid unemployment (Van der Zwan et al., 2016). However, it is also argued that a rising unemployment rate leads to a decreasing demand for products and services, as people have less disposable income to spend (Gajewski & Kutan, 2018). The prosperity pull effect, however, states that individuals are more likely to become self-employed when the unemployment rate is low as the security to re-enter the labour market is higher (Alam et al., 2021). This is a vital aspect, as choosing entrepreneurship means leaving the labour market and accepting risks. These risks are taken by individuals if the profit of being an entrepreneur exceeds the potential profits of other economic activities (Bergner et al., 2021).

However, if an individual decides that there is either a necessity-based or opportunity-based reason to become an entrepreneur, another decisive aspect that influences this decision is described by the theory of occupational choice (Strulik, 2022). The theory distinguishes between entrepreneurship and being an employee as professional activities and states that everyone has the choice to choose their own occupational path (Nicolaou & Shane, 2010). However, as recently stated by Hammell (2020), there is an inequality, as the choices an individual makes depend on the options the individual has. A decisive factor in an individual's decision-making process indicated is the personal attitude towards risk, as the person must decide whether to become an employee and earn salary risk-free or have the opportunity to make more profits by facing more challenges in return (Amouri et al., 2021). Therefore,

the ratio between accessible wages within the labour market and potential profits from becoming an entrepreneur is crucial (Gawel, 2010). For that reason, the imbalance between demand and supply of labour is an important element that influences the occupational choice as it is responsible for the quantity and quality of the available jobs in the labour market (Gawel, 2010). According to O'Leary (2022), time and space are two crucial determinants that explain why the correlation between unemployment and entrepreneurship differentiates, as these are the major external aspects influencing the success of businesses.

### How a change in the unemployment rate leads to an increase in entrepreneurship

In the following section, various factors, such as temporary circumstances, demography, regional aspects, education and the level of development are taken into account to explain how the unemployment rate might lead to an increase in entrepreneurship. The post-financial crisis period in 2008 demonstrates well how timing and demographical aspects influence entrepreneurial activities, as the phenomenon of the "recession-push" towards entrepreneurship became relevant (Horta et al., 2015). It describes that an unfavourable economic situation might lead to entrepreneurial motivation (Shahzad et al., 2021). According to Luque & Jones (2018), there is a difference between the entrepreneurial decision of individuals during pre-recession periods and recession periods. While the choice to become an entrepreneur during pre-recession periods is mainly associated to pull factors such as market opportunities or financial purposes, the main reasons during the recession period are push factors such as unemployment and work-related insecurity (Giacomin et al., 2011). A conducted study by Santos et al. (2017) shows for instance that prior to the economic crisis in 2008, the entrepreneurial activity in lower-income Southern European countries such as Spain, Portugal or Greece was higher than the entrepreneurial activity in Nordic countries. This trend however reversed after the financial crisis in 2008 (Santos et al., 2017). According to Vegetti and Adascalitei (2017) the main reason for this transition are the better borrowing and demand conditions in the higher-income Nordic countries, as the access to financial means is more difficult in the Southern states. Additionally, within Spain, regions with a higher GDP per capita measured more entrepreneurial activity as the lower-income counterparts (Pena et al. 2018). Therefore, the negative relationship between the resulting unemployment out of the 2008 financial crisis and the decreasing entrepreneurial activity in Spain describes a pro-cyclical trend, which describes the decline in entrepreneurship due to less opportunities and securities for potential start-ups (González-Pernía et al., 2018).

Nevertheless, one of Europe's main tools to tackle the resulting unemployment rate was entrepreneurship, especially among the younger generation (Tubadji et al., 2019). In the first quarter of 2013, the youth unemployment rate was at 23.9%, but declined to 19.7% at the end of 2015 (Suljeman, 2020). Therefore, a key goal within multiple European nations was to promote entrepreneurial activity among the younger generation, as there is a big desire towards personal independence and financial freedom within this age group. In comparison, middle-aged people tend to prefer being employed because of aspects such as stability and a fixed income (Suljeman, 2020). Although a study shows that youth unemployment is a concern in developing as well as developed countries, an observation is that emerging economies and developing countries tend to have a higher and more unstable youth unemployment rate (Tošović-Stevanović & Bogdanovic, 2018). An example that illustrates this well is the difference between European Union countries and Balkan countries in Europe, as the unemployment rate tends to be four to five times higher within the Balkan region (Sulejman, 2020). Entrepreneurial interest is therefore closely related to a countries economic and educational background. For instance, there would be a high interest in start-up businesses among Slovenian young people, if the government would adjust some regulations within the labour market policy (Rotar, 2014). This would not only be beneficial for the potential entrepreneurs themselves but



also for Slovenia as a state as SME entrepreneurship is key to less poverty, employment generation and the growth of the GDP (Webb, 2021; Urban, 2013). Therefore, another determining factor influencing the link between unemployment and entrepreneurship and the corresponding result is the region in which individuals plan to create a business (Bosma & Starnberg, 2014). Regional factors that affect entrepreneurship are the endowment of knowledge, innovation capabilities and superior capital (Albert, 2016).

In this regard, the endowment of knowledge is strongly depending on the educational possibilities for individuals within a country, as the education system is vital for fostering an entrepreneurial mindset among learners (Bergner et al., 2021). While the European Union actively encourages entrepreneurial initiatives to create jobs and grow competitiveness (Dragomir & Pânzaru, 2015), there is a lack of education and support within developing economies. A study by Coleman (2004) already indicated a clear relationship between education and the success of entrepreneurs. Cao (2020) recently underlines this relationship by stating that enterprises of people with higher education are much more likely to go beyond the start-up phase. However, in many emerging economies (e.g., Namibia), there is a big desire to go into waged employment because of the job stability among individuals with tertiary education, while individuals with secondary education tend to become entrepreneurs more often (Mbaziira et al., 2007). For this reason, it is necessary that international organisations focusing on economic development pay greater attention to education and entrepreneurship and the linkage of these two aspects within emerging and developing economies (Monteith & Camfield, 2019). Especially, because entrepreneurship in emerging economies is often necessity-driven and individuals are forced into starting their own business due to the lack of employment possibilities (Doran et al., 2018).

The unemployment entrepreneurship nexus in e.g. South Africa illustrates how the lack of employment possibilities within a certain region influences entrepreneurial behaviour and entrepreneurial motivation. In South Africa, SMEs contribute around 51% to 57% to the national GDP and therefore provide around 60% of employment possibilities (Mashavira et al., 2022). This number would be even higher if informal businesses were included as these are common in countries with emerging economies (Mahadea & Kaseeram, 2018). The Minister of Finance, Pravin Gordhan, even emphasized in 2017 that the support of small businesses is vital for employment, inclusive economic growth, and security (Mahadea & Kaseeram, 2018). For this reason, there are numerous government agencies and initiatives to further promote the SME sector (Kengne, 2016). Additionally, as South Africa is an emerging economy, a significant part of people works in the informal sector that is not registered on official records (Jobo & Phyllis, 2020). The main difference to be mentioned here is that in industrialised economies, entrepreneurial activity is primarily used to revive dying industries and promote economic growth (Amorós et al., 2019). Whereas in less developed countries or emerging economies, entrepreneurial activity is predominantly used to enhance economic growth or job creation (Xu, 2022). However, unlike in developed countries, the number of small and family businesses in emerging economies is also so high due to low-cost structures. Therefore, when a small or medium sized business fails, there are fewer losses than there would be for larger organisations (Mahadea & Kaseeram, 2018).

Consequently, in line with the high youth unemployment rate of two thirds in the year 2020 (StatsSA, 2020), it can be said that entrepreneurship among the younger generation in South Africa arises predominantly from the necessity-based effect (Dawson, 2021). Especially, as young people are more likely to take risks and therefore become entrepreneurs (Schoof, 2006). This goes in line with a former study by Reynolds et al. (2002) that already demonstrated that opportunity entrepreneurs are generally older (35-44 years) than necessity entrepreneurs (18-24). One of the reasons for this is that older entrepreneurs usually have more equity capital and are better able to bridge shorter periods of unemployment than younger people who have yet to gain a foothold in the world of work (Hannon,

2018). In general, greater poverty results in higher entrepreneurial activity, particularly necessity-based entrepreneurship (Dvouletý et al., 2018). This goes in line with the lack of education in developing countries, as the ratio of opportunity to necessity-based entrepreneurship is often used as a key indicator to measure economic development of a state (Acs et al., 2005). This is based on the assumption that the primary motivator for entrepreneurship in developed countries is innovation, while in developing countries it is poverty and lack of choice (Amorós et al., 2020).

How a change in the unemployment rate leads to a decrease in entrepreneurship

Contrastingly, as shown by the decreasing entrepreneurial activity of Southern European after the financial crisis in 2008, it is argued that there is also a strong negative correlation between unemployment and entrepreneurship (O'Leary, 2022). This is primarily based on the assumption that a high unemployment rate leads to less disposable income for potential customers and therefore to a lower general consumer demand (Gajewski & Kutan, 2018). This is because there is a general lower level of wealth among individuals, which significantly reduces the likelihood of successful self-employment (Hurst & Lusardi, 2004). The reason for this circumstance is that the high unemployment rate and the resulting deceleration of economic growth lead to fewer opportunities for entrepreneurs. In addition, many start-up companies hardly contribute to the job market, as most companies have a low survival rate and accordingly contribute little to economic growth which could eventually limit the reduction of employment (Audretsch et al., 2001). This especially applies to developing and emerging economies, as the legal and economic hurdles are usually lower in these countries, making it easier to enter entrepreneurship (Amini Sedeh et al., 2021). However, organisational outcomes in developing countries are also strongly affected by the external and institutional environment (Hiatt and Sine, 2012). In terms of developing and emerging economies, this actively demonstrates that a lower legal protection also leads to a higher risk of business failure and the risk that entrepreneurs will have to take on financial debts (Amini Sedeh et al., 2021). In this regard, a common cause for failures of small businesses is the missing knowledge in legal matters, as the fundamental aspect for the survival of businesses are the political institutions that are responsible for the legal environment within a country (Fatoki, 2014). Political institutions are responsible for the stability and prevention of volatility to drive the economy forward (Fatoki, 2014). In Malawi, for instance, there is a lack of safety nets and state benefits that organisations and individuals can fall back on in difficult times (World Bank, 2018). This is especially challenging for small business founders that became entrepreneurs to afford education for their children, building houses or buying a plot of land, which are primary motivators in African countries (World Bank, 2018).

An example within the regulatory environment that makes entrepreneurship in Uganda challenging is the privatisation of the Uganda Electricity Board. It has led to increased costs and frequent power outages, hence the need for alternative sources of electricity. For small businesses, this leads to a lower success rate due to higher costs and risks (Tushabomwe-Kazooba, 2006). Compared to developing countries, energy, and electricity prices in industrialised countries, such as the UK, are regulated by the government, which prevents entrepreneurs from failing because of the uncertainty and volatility regarding fixed costs (Department for Business, Energy & Industrial Strategy, 2022). Correspondingly, the often-existing lack of knowledge regarding the industry is another point that speaks for the negative link between unemployment and entrepreneurship and the high failure rate (Bustamante et al., 2021). Due to the lower level of education in developing countries, many entrepreneurs, who are mainly self-employed out of necessity, are not prepared for potential setbacks or are not financially liquid enough to have reserves (Fischer et al., 2018). Many of the entrepreneurs make the mistake of having too little financial responsibility and a wrong assessment of the time and money needed. The wrong financial assessment and resulting uncertain financial situation of start-ups often leads to the difficulty of getting credit from banks or financial institutions on which start-ups depend particularly (Mills & McCarthy, 2014). However, financiers such as banks confirm that they

would also support start-ups and young enterprises if they consider them ready (Fatoki, 2014). The primary reason for refusing to invest is rather the poor management that small businesses often have when they are created out of necessity (Zunino et al., 2022). Enterprises therefore often assume that they do not receive investments because they do not have enough financial resources, while the real reason is usually poor management skills and uncertainty (Zunino et al., 2022).

### Conclusion

Conclusively, it can be said that unemployment and entrepreneurship are closely related to each other (González-Pernía et al., 2018; Santos et al., 2017). However, the relationship between these aspects, and whether the link is more positive or negative, is highly dependent on a country's level of development. In developing and emerging economies, entrepreneurship arises mainly out of necessity (Doran et al., 2018). Many potential employees cannot find a job that offers a salary they can live on due to the high unemployment rate, which is why many individuals decide to start their own business (Mbaziira et al., 2007). However, business insolvencies are also more frequent in countries with poor development, as individuals often have less equity capital. In addition, the educational opportunities are significantly worse than in industrialised countries, which means that entrepreneurs do not have enough knowledge about business management, which often leads to business failures (Cao, 2020). Furthermore, the political and economic stability is often more volatile, which makes it challenging to plan financially. In developed countries, however, a rather low unemployment rate leads to entrepreneurship as job-seeking individuals prefer stability within labour markets to have the opportunity to return in case of business failure. Therefore, there is a higher percentage of opportunity-driven entrepreneurs within industrialised economies as many people seek financial freedom and therefore make the occupational decision to leave the labour market (Acs et al., 2005). However, as shown by the financial crisis example in 2008, an increase in unemployment in developed countries may also lead to a rising rate in entrepreneurship (Shahzad et al., 2021). Nonetheless, it cannot be denied that there is also a negative correlation between unemployment and entrepreneurship. This correlation arises mainly due to the decrease in demand, which is a result of the increasing unemployment rate and decrease in disposable income (Gajewski & Kutan, 2018). In addition, due to the high failure rate of start-ups, few new jobs are created through entrepreneurship. In general, it can be concluded that unemployment can serve as both a motivation and a deterrence for entrepreneurs.

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## Chapter 11

### **Title: How effective leadership leads to business growth and development**

**Author: Oliver Reeves**

#### Abstract:

This research intends to explain effective leadership and how it can bring positive change on business performance. The paper further explains the most effective forms of leadership business leaders could follow and apply within a business in order to have motivated and satisfied employees. It shows how sustainability is vitally important within a business structure in order for a business to grow and affectively adapt to unforeseen circumstances that may arise such as COVID-19 through effective leadership, to allow for stability. This paper also explores how virtual leadership might be used to manage businesses efficiently, exploring potential challenges and changes that may help these organisations successfully implement virtual leadership. With the health measures implemented by the government that required employees to work remotely meant business owners and managers in both small and large businesses were presented with new challenges to overcome regarding the business structure and leadership styles they would have to adopt. This has resulted in organisations having to adapt to be managed virtually, which has its own set of difficulties, particularly for individuals who are inexperienced in using technology and communicating virtually from a remote environment. This has been an enormous ask for small businesses to remain sustainable to survive through global economy uncertainty. It is evident from research that organisational leaders would need to implement methods to guarantee that employee productivity remained at a constant level or if possible increased.

#### Key words

Virtual Leadership, Covid-19 Pandemic, Business Growth, Sustainability

#### Introduction:

The growing uncertainty that we are currently faced with due to economic downturn as a result of a static economy from major factors such as COVID-19 makes it even more crucial that there is a core structure regarding leadership within organisations to stay afloat in these difficult and challenging times. Effective leadership is a major component of an organization's overall strategy for maintaining operations in the face of challenges brought on by the rapidly expanding economic environment, as it allows an organisation to establish and keep competitive advantage over competitors. Cabeza-Erikson et al. (2008) states that leaders are the one who control and take charge of the operation of an organization and good leaders are able to set optimistic goals and objectives while steering the operation of the company towards those goals through effective strategies. An effective leader may influence and inspire their workforce and motivate them by embedding a strong organisational culture. There are many different approaches of leadership styles an individual can take to be regarded as an effective leader. The most common types of leadership styles include autocratic, democratic, laissez-faire, transformational and transactional. All of which are regarded effective leadership styles

which states the importance the role of leadership can have upon a business when constructed correctly. Leader effectiveness ensures that organizational objectives are carried out in accordance with a vision and mission (Frackenpohl et al.,2016)

We can delve into organisational leadership patterns that have led to organisational performance inside well-established organisations using in-depth analysis and research.

Types of effective Leadership:

Leadership is a form of authority in which one person has the ability to influence or transform the principles, opinions, actions, and attitudes of another (Ganta & Manukonda, 2014). While keeping up with the latest changes in the business environment, great leaders successfully implement the fundamental adjustments that will carry the organisation into the future. Jackson and Parry (2008) states that leadership is a process whereby leaders guide a team of workers along the intended path that is pertinent to their organisation's aims and objectives. Therefore, an effective leader who possesses strong leadership skills should also be in control of particular traits, such as passion, consistency, trust, and vision, because only leaders who possess these qualities can inspire employees to have faith in them. With regards to vision, it can be argued that tunnel vision from a leader alone can lead to ineffective leadership, as it could lead to employees feeling less valued which could spiral into a decline of motivation. This type of leader usually follows an autocratic or transactional leadership style where the decisions are purely made by one individual and there is very little input from others. De Hoogh et al.(2015) states how autocratic leadership is negatively associated with a team's psychological security; it is negatively related to team performance when the power struggles are high in a team. Whereas democratic and transactional leaders take into consideration of the vision from all employees, increasing involvement in the decision making. This drives employees as they are engaged and motivated in the decision making and develop a passion for the business growth. Bass (2009) states researchers define democratic leadership as "an instrument of goal achievement."

From table 1, a study report published by Haruni Machuma (2014) it states how autocratic leadership style has resulted in the lowest job satisfaction for primary school teachers in Songea and Morogoro district.

The findings suggest that for teachers to have high job satisfaction within the educational sector, then a democratic leadership style would be the most effective. This could imply that democratic leadership would be the most effective leadership style in public organisations such as in this case study to ensure employees are highly motivates and satisfied within the organisation. Within an academic business structure such as primary schools, there are a variety of staff at different hierarchy's, therefore control would be effectively shared between staff to contribute to decision making.

There are many different styles and types of leadership an individual can adopt to be regarded as an effective leader. To be more effective, a leader should be able to adapt their approach depending on the circumstance, put their attention on empowering their employees, and work to earn their trust and respect (Aric Hall, 2007). Joel DiGirolamo (2010) states the five major functions of leadership as follows:

- Create a vision and focus on it.
- Set up a high performance team.
- Keep the team motivated.
- Maintain a good rapport with people around to make sure they are aware about the information needed.
- Satisfy employees to minimize attrition.

Therefore, with regards to these specific functions above, this suggests effective leaderships is the process by which an individual strives to communicate with and motivate their employees in order to ensure that they are in the best possible position to focus on their jobs and can utilize their skills and experience to direct employees towards the business goal. Effective leadership is constantly required to bring effective changes (Kennedy, 2000).

### Sustainability: The Triple Bottom Line

The Triple Bottom Line is an accounting framework that incorporates three dimensions of performance; social, environmental and financial. This differs from traditional reporting frameworks as it includes ecological and social measures that can be difficult to assign appropriate means of measurement (Slaper et al.,2011). With regards to the triple bottom line approach, we will focus specifically on how leadership affects sustainability within the model, and how that has an overall impact on the business growth and development.

From an economic aspect, business leaders need to ensure profits are earned in a fair and ethical manner. Leaders need to understand the most effective and beneficial suppliers to allow for business growth. They may look into ways to help local suppliers to survive and innovate in order to be seen an ethical business. Business ethics enhances the law by outlining acceptable behaviours beyond government control (Karisa Schroeder, 2021). Ensuring suppliers are sustainable is a major factor from an environmental aspect, where it is vitally important that businesses understand the full production of their suppliers to ensure ethical procedures take place throughout the production stages. In order to optimise the purchasing process, help in the selection of strategic partnerships, improve product quality, raise customer happiness, and ultimately gain a competitive advantage in the market for a buyer, sustainable supplier selection is a procedure that involves choosing the best suppliers (Kamran Rashidi et al.,2020).

The social bottom line is one component of the triple bottom line highlighting a business's societal impact and its commitment to people. Harvard Business School (2022) states that businesses have favoured shareholder value as an indicator of success, meaning they generate value for those who own shares of the company. The social bottom line challenges the notion that an organisation may continue to exist for a longer period of time if it pays its employees less, which is where leaders within organisations will have to step is as this is not the case. Instead, the social bottom line measures a company's human resources' long-term viability on the assumption that a business with a desirable workplace will continue to exist into the future since it will have a workforce that aspires to work there

(Alex Chamberlain, 2022). Ensuring workers receive a fair wage in a safe environment will encourage employee development, leading to business growth and expansion as a result of high job satisfaction within these organisations. Through the wages, managers can encourage employees to increase productivity, their sense of responsibility to stimulate the output of the labour force (Jose et al., 2021). Furthermore, high levels of motivation from the employees on the production line will allow greater choice for customers, developing brand reputation with customers and allowing businesses to become more established.

How COVID-19 affected leadership and business growth:

With the spread of COVID-19 across the world and government reinforcements of lockdown and restrictions put in place resulted in businesses having to adapt by working in new ways such as from home to avoid breaches, imposing new challenges for leaders in both large and small businesses with the virtual way of leadership being implemented. Therefore, organisational leaders needed to have strategies in place to ensure that the productivity levels of employees remain constant or improve if possible. Given this, the leadership of these organisations seeking to keep their entities financially afloat while ensuring that their employees are complying to the health measures put in place has been the most significant problem for small enterprises (Jarell & Likowski, 2020). Furthermore, the virtual workspace has been another major challenge for small businesses as they are less equipped for employees to effectively work remotely, as well as major challenges for large businesses such as trying to work effectively with employees in different time zones. This indicates that in order for virtual leadership to be successful, business leaders must ensure their staff have a suitable remote working environment. Most small firms are already having trouble as a result of the declining global economy, which has a significant impact on their operations (Bartik et al., 2020; Ferry 2020). There are many factors that need to be considered in order to have an effective virtual work environment, many of which are out of the hands of business leaders. Using technology to facilitate communication and cooperation through a virtual team is one that may have individuals that potentially span various organisations, time zones, geographic locations, and cultures (Huang et al., 2010; Johnson, 2010). However, from further research, it is evident that businesses and leaders are positively adapting to a virtual workplace, where business operations are being operated effectively. Schmidt (2014) cites a study by MCIWorld.com which discovered that more than 60% of employees in small businesses (those with 500 or more employees) reported already interacted in virtual teams. Furthermore, another study predicted that 80% of employees in large businesses (those with more than 10,000 employees) would be participating virtually by the year 2020. This suggests that for many businesses, there hasn't been a change in the delivery of the leadership structure due to the pandemic as it implies that many businesses have already adapted to the virtual workplace, therefore employees are used to their virtual roles that have been embedded from leaders in the past. The argument for virtual leadership to keep organisations operational is especially timely in helping leaders deal with the challenges of running organisations remotely.

Even though technology was beneficial to facilitate certain leadership processes due to virtual working platforms there were still challenges that many leaders face regarding efficiency of workers which can have detrimental effects of the growth of a business. Controlling all employees across various schedules and locations can be challenging, particularly when trying to ensure that everyone has a great remote working experience. Notably, Saltman (2020) suggests it this should be an opportunity for the small businesses to develop and grow. If employees working virtually from home was effective for an organisation and allowed business growth. Since offices wouldn't be necessary in the future,

many businesses would have fewer fixed costs, such as corporate premises, which would free up more money for the company to reinvest in its expansion. Sebastian and Hess (2019) states that a virtual leader's high emotional intelligence and their general level of involvement with their team members are directly correlated to the effectiveness of the virtual environment. Therefore, in order to be a successful and effective leader, it is vital leaders communicate with employees, so they are able to balance the monitoring of work output and giving the virtual employees adequate conditions to conduct remote work effectively, allowing for business growth to occur. Samartinho et al. (2014) states a streamlined communication and enhanced personal connections between the parties have predicted a more significant positive impact within the virtual environment. Remote working has evidently led to remote communications increasing rapidly for businesses across the globe. According to Kaushik et al. (2020) it's all about communication; managers need check in on employees consistently to learn how people are dealing with transitions to remote work in order to understand employees motivation and productivity. Studies conducted by ConnectSolution (2022) 77% of remote workers say they're more productive when working from home, with 30% doing more work in less time and 24% doing more work in the same period of time. These positive adaptations that businesses are making with regards to the working environment will allow for business success and growth. These steps can ensure that contact with employees is maintained to ensure smooth running of business activity.

It is clear the virtual environment may not be to everyone's preferred preference so virtual leaders need to ensure they are extra accommodative to their employees' working and communication preferences. Leaders need to take into consideration that older generation employees may be unfamiliar with virtual platforms which can lead to a period of inefficiency within organisations. It is therefore vital that leaders have steps in place to educate virtual learning so business operations can run effectively and overall experience business stability and growth. Even though virtual leadership was used by organisations before the pandemic, virtual leadership has not only grown but has changed for many organisations, such as the educational sector contacting education virtually during the pandemic. According to G George et al. (2020) we are seeing a flurry of innovations with new business models that finally take online education, and its variants seriously.

Leaders should examine how to thrive in this situation rather than simply survive it, as challenges always present new opportunities because they encourage leaders to reevaluate their former priorities and recast them to meet the new normal. In this era of remote work and social isolation, virtual leadership can really be a benefit as it gives leaders more time to consider about long-term challenges.

Leadership trends on organisational performance:

A direct cause and effect relationship exists between leadership and the success of organisations. Values, culture, openness to change, and employee motivation are all determined by leaders. They influence institutional strategies, including how work is carried out and the effectiveness of that work. Leadership performance is identical with organizational performance. Business management attributes their successes to leadership efficiency, that is, the leadership style of administrative supervisors has a considerable effect on the organizational performance (Sun, 2002). There are various

leadership styles that may be influential on an organisation's effectiveness and performance. Nahavandi (2022) states today's organizations need effective leaders who understand the complexities of the rapidly changing global environment. As a result, a lot of shareholders and managers are hiring outside experts to help build leadership abilities as well as to offer knowledge and expertise to the company. Arasa Kioko (2012) implies that organisation's competitiveness is resolved with effective leadership, which reinforces the importance of effective leadership that well established businesses have adopted within their structure to allow market competitiveness and business growth. Furthermore, focusing on the growth stage within a business life cycle, it is vital that there is entrepreneurial leadership within the organisation to become well established. The key factors that a leader should adopt at the growth stage include maintaining control and participatory leadership, mapping a clear distinction of responsibilities within the organisation, learning from past failures and having a swift and flexible managerial response to change in order to becoming well-established. A study conducted by Almaz Sandybayev (2019) shows key entrepreneurial leadership characteristics within 87 well-established SME's within the United Arab Emirates.

From table 2, even though there are many other aspects that need to be considered to condone an effective leadership style, it is evident that these four key characteristic traits are needed for CEO's with well-established SME's in Dubai as the overall mean for CEO's with these characteristics is 65.6% compared to 34.4% of CEO's without these leadership characteristics. It is evident that vision is the most trending characteristic found within the observation of CEO's. This occurs as leadership vision is vitally essential as it generates inspiration and drive to keep employees going which is therefore significant when people have goals to reach as they are more likely to work harder. The leadership vision establishes objectives for the employees within an organisation to reach within a certain time frame, overall developing business growth. The results show that entrepreneurial leadership can improve organisational performance when implementing these characteristics correctly. Organisations must implement innovative policies to encourage entrepreneurial leadership within the workforce to gain a competitive advantage. Shareholders and managers of SME's must maintain a strong focus on entrepreneurial leadership to improve organisational performance to improve business performance, to overall increase growth and the establishment of business which is the reason well established businesses have experienced such vast growth due to the fact that they are understanding the relationship between entrepreneurial leadership and organisational performance.

Another study by Ojokuku R.M et al. (2012) shows that leadership has positive and negative relations on organisations performance depending on styles adopted within the Nigerian banking industry.

The data states that leadership styles including transformational, autocratic and democratic have positive effects on organisational performance, meaning these leadership styles influence employees in Nigeria banking industry to perform as expected, whereas the other styles have negative effects on organisational performance. These findings agree with Howell and Frost (2020) stating transformational and democratic leadership style allows employees a sense of belonging, carrying out high responsibility with little supervision and followers are helped to achieve their visions and needs enhance organisational efficiency. With regards to the data, the management of Nigerian banks should adopt transformational and democratic leadership styles in order for them to become stronger in a highly competitive global financial market. These leadership styles are transferable for the financial market as both styles adopt the approach of employee involvement to create new ideas and have positive change on a situation which is vital within the financial market especially within situations of recession and uncertainty.

Linking Table 2 and Table 3, charismatic leadership which is described as getting the most out of everyone could link to the passion that the employee may have for a business to experience continuous growth through productivity. However, this may have changed during the pandemic as there was such industrial change to many businesses, meaning productivity not always being the main concern for many businesses.

### Conclusion:

Effective leadership is critically needed within organisations to operate smoothly and efficiently, adapting to situations that may arise such as COVID-19. Leadership is an important factor within the workplace as it encourages workers to strive for success and motivates them to deliver when roles are understood, and employees feel a sense of belonging. A positive working environment allows for effective communication and feeling of comfort within the role, allowing the business to thrive due to the effect employees are having. Knowing and comprehending a leader's different personality preferences can serve as the foundation for a leadership style that has a high chance of succeeding. With the COVID-19 pandemic meant leaders had to affectively adapt to the challenge of a virtual workspace where they had to understand the most effective methods to get the best out of the employees whilst understanding the difficulties and challenges, they may be facing and how to overcome them. Whilst many businesses being unable to survive due to such scale of business change and the economic position, many businesses have effectively adapted to the challenge and through effective leadership, employees can now work remotely where business operations can be run. As Abrahamsson and Axelsson (2020) states small businesses that survive this pandemic will be the one that understands the importance of effectively utilising the virtual environment through effective virtual leadership.

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## Chapter 12

### **Title: Entrepreneurial Innovation in SME's in the United Kingdom During COVID-19**

**Author: Zak Richards**

#### Abstract

This paper aims to comprehend the relationship between entrepreneurial innovation and small and medium-sized enterprises (SMEs) in the UK during COVID-19, as well as how entrepreneurial innovation was applied to develop and expand UK SMEs. The ability to innovate is generally thought to be crucial to the survival of SMEs. During a crisis SMEs are susceptible to profit and customer loss, and a number of crises, most notably COVID-19, have been detrimental to UK SMEs. In times of crisis for an SME, entrepreneurial innovation may be critical to sustain themselves. According to a typical perspective of entrepreneurship, it is essential to developing new ideas, and its most fundamental use is to help firms make a profit. Innovation is considered to be an individual's or organisation's ability to create a new or enhanced idea that benefits operations and satisfies demand. SMEs depend on innovative methods to maximise efficiency of their operations. SMEs funding is regarded as rather scarce, with the majority coming from bank loans, venture capital, and personal investments. Ultimately, because during a crisis, demand for most firms drops, SMEs would be left dependent on sources of funding other than merely what they earn. The research method used to find information for this paper was to analyse literature from credible and pertinent journal articles. COVID-19 majorly impacted economic opportunities, such as profits, creating demand, and product alternatives. During COVID-19, the majority of businesses changed their companies' approach. For a management team to see the COVID-19 crisis as a profitable opportunity, entrepreneurship needed to be prioritised and at the forefront of the business plan. It is argued that new concepts and strategies are essential for small firms to thrive. SMEs must develop methods to take advantage of the intrapreneurial potential their employees have, in order to gain a competitive advantage. Despite how perilous relying on innovation can be, the beneficial outcomes can result in exceptional ideas for a business, that are profitable. COVID-19 provided new entrepreneurial opportunities that the regular market or government initiatives could not. Innovation can both generate and benefit from change, and is significant for when businesses are undergoing difficulty, the unexpected issues and conditions that COVID-19 produced, meant innovation was a lifeline for many companies to survive. The COVID-19 pandemic mainly had an impact on SME financial management and supply chains. International supply chains for SMEs were disrupted by political repercussions, such as changes in trade and legislation. SMEs are generally more vulnerable to economic issues, such as diminishing customer demand for their service or product, a lack of finance, or losing key personnel. This was made worse by COVID-19. The opportunities that arose as a result of changing micro and macro environmental conditions were quickly embraced by entrepreneurs. Entrepreneurs prospered by taking advantage of PESTLE concerns about the virus spreading. The outcome of analysing the UK SME Ecoanolytes, show how they were able to innovate and adapt their business strategy in order to benefit from changes in environmental conditions.

#### Key Words

SMEs, Innovation, Entrepreneurial, COVID-19, Entrepreneurship, Intrapreneurship

### Introduction

Small and medium enterprises are essential to the UK economy, SMEs employ 44 per cent of the workforce in the UK and produce 50 percent of total business revenues (Albonico et al., 2020). Entrepreneurship is the process of establishing new organisations, with the consequent production of jobs and wealth creation (Bawn et al., 2022). Innovation is the ability of an organisation to introduce a new or enhanced concept, commodity, method of manufacture, or any numerous commercial procedures to satisfy market demands (Gouvea et al., 2020). Many businesses concentrate on enhancing their innovation skills in order to strengthen their competitive advantages and increase the sustainability of their firm (Hanaysha et al., 2021). The ability to innovate is frequently seen as being essential to SMEs' existence, and intrapreneurship may play a significant and highly successful role in their development and potentially their survival (Orchard et al., 2018). SMEs in the UK can be vulnerable during a crisis and have been severely impacted by a number of crises in recent times, including the early 1990s financial crisis, the great recession and COVID-19, (Tsilika et al., 2020). The COVID-19 crisis had a significant impact on SMEs in the UK; as a result of the pandemic, SME bankruptcies in the United Kingdom were predicted to rise by 37% by 2021. (Babatsikou et al., 2022). Martin-Rios et al (2020) argue that innovative solutions and approaches that can reduce costs and improve corporate sustainability are crucial in navigating SMEs through economic crises and societal instability. SMEs during a crisis may benefit from greater innovation, and innovation assists entrepreneurship. As a result, in times of crisis for an SME entrepreneurial, innovation may be critical. Therefore, the purpose of this essay is to look into the relationship between entrepreneurship, innovation and SMEs in the UK during COVID-19. The paper also explores UK SME, Ecoanolytes, as an example of an SME during COVID-19, as well as their business strategy and how they modified it adapt to the market in order to expand and prosper.

### Small and Medium-Sized Enterprises

SMEs are an integral sector of the UK market, and their growth benefits both the economy and the government (Fan et al., 2021). Similarly, according to Virglerova et al. (2020), SMEs' performances are a critical element for the sustainability of market activity, and their expansion must be encouraged. Virglerova et al. (2020) argues, that SMEs will operate better if they invest in their internal resources, react promptly to market stimuli, search for opportunities, and take the risk of putting innovative ideas into practise. Due to economic issues such as poor market performance, a lack of adequate information, and structural faults throughout the economy, SME's funding options are limited during a crisis (Cowling et al., 2012). In addition to this, Kraus et al (2020) contend that a firm's size plays a significant role in crisis management, he claims that even when some larger businesses are hardly impacted, they nonetheless adhere to a crisis management plan that goes well beyond being resilient. This indicates that as SME's mostly have less employees than larger firms, they will find it considerably harder to remain resilient and deal with a crisis (Heidt et al., 2019). Additionally, SMEs are more vulnerable to social and economic issues such as losing workers (Asgary et al., 2020). For example, during COVID-19, many workers were forced to leave their jobs due to illness or having to quarantine (Xu & Abbasov, 2021). SMEs that needed office workers struggled to locate enough employees and many SMEs were left short numbered (Adam & Alarifi, 2021). In contrast, Nah & Siau (2020), have found that innovation has a significant impact on SMEs' organisational resilience during times of crisis, inferring that innovative entrepreneurship is even more crucial within SME's as they can be substantial in the survival of SME's as well as providing them opportunities to grow (Shinta Dewi et al., 2020). SMEs are vulnerable in times of crisis and rely on innovation and entrepreneurship to sustain themselves. A company's future prospects may be severely influenced by a new approach provided by innovative entrepreneurs. To ensure the survival of smaller firms, it is essential to alter the strategy

of a business when the current products or services aren't fulfilling the demands of the market (Sharma et al., 2022).

### Entrepreneurship During COVID-19

Entrepreneurship is significant in economic growth and creating revenue (Adomako et al., 2021). Maritz et al (2020) believe that elements like entrepreneurial spirit, innovation, opportunity recognition, entrepreneurial resilience, and intrapreneurship may be important to mitigate financial hardship under a crisis. Maritz et al (2020) also argue that the main affects COVID-19 had on economic prospects were growth, generating demand, and substitution of products or services. This suggests that entrepreneurs who established methods that would generate demand for new products or services that were required during COVID-19 would have been able to prosper. A management team must place a strong emphasis on entrepreneurship to be able to see a crisis as a lucrative opportunity (Kraus et al., 2020). Indicating that concentrating on entrepreneurship can aid a company's ability to become successful or preserve their position amid a crisis. Schoemaker et al (2018) argue that entrepreneurs and innovative managers in companies "who can learn and adjust quickly are more likely to succeed". Nearly 40% of entrepreneurs questioned by Stephan et al (2021) identified new business opportunities during the pandemic, and 68% of the entrepreneurs adjusted their company's strategy. This demonstrates that during COVID-19 entrepreneurs that possess the abilities and traits required to thrive in a changing market, were able to experience many benefits. Environmental factors, such as people prioritising health and hygiene, created economic opportunities for entrepreneurs within the hygiene sector (Asante Antwi et al., 2021). COVID-19 also saw the emergence of several entrepreneurial opportunities due to sociological factors, such as the rising demand for necessities due to societal anxiety over being in lockdown for extended periods (Islam et al., 2020).

### Intrapreneurship's Role in SME's

Intrapreneurship refers to "company employees who identify and exploit ideas for their company" (Hernández-Perlines et al., 2022). Intrapreneurship is essential for firms to survive and sustain their competitive advantage (Gawke et al., 2019). Intrapreneurship is even more significant for SME's as seeking future growth requires smaller businesses to constantly adapt and rejuvenate themselves (Mennens et al., 2022). Olokundun et al., (2017) contends that for small businesses to survive while also maintaining appropriate levels of profitable growth, they require innovative ideas and methods. As a result, they must establish strategies to capitalise on their employees' intrapreneurial and innovative potential. According to Haan-Cao (2022), businesses that consider their employees as a "source of competitive advantage" are more likely to achieve higher output because these workers expedite innovation and have the capabilities and knowledge that are ingrained in the company. This suggests that intrapreneurs are vital in the expansion of SME's since they have the capability to provide fresh concepts that are related to the business and industry that they're familiar with. Despite this, intrapreneurship can also be detrimental to SME's, Reuther et al., (2018) argue that most intrapreneurs prioritise their own ventures over the business's operations, also, independent intrapreneurs can be problematic for SME's as they are harder to keep governed.

### Innovations Role in Entrepreneurship During COVID-19

The most crucial factor in entrepreneurship is team innovation, innovation is still regarded as being "the core of entrepreneurship," as Drucker (1985) described it (Liu et al., 2022). This implies that innovation is essential to the existence of entrepreneurship, and without it entrepreneurship wouldn't be possible. Innovation is a key component of entrepreneurship and crucial for generating new ideas. During the COVID-19 crisis, innovative entrepreneurs could have capitalised on micro and macro environmental factors to help SMEs survive and pursue profitable opportunities (Kahveci, 2021). While innovation is always risky, it could also be the source of the few exceptional ideas that a business produces (Terwiesch & Ulrich, 2009). This indicates that despite not always being successful, the benefits of innovation are remarkable and profitable to companies. Porter (1990) argued that firms were able to 'achieve competitive advantage through acts of innovation' which aligns with Ratten (2020), who contends that "creativity is important for dealing with the COVID-19 crisis as it can offer a way of providing a competitive advantage in the global marketplace". Kazancoglu et al (2021), describe innovation as "the power source that is critical for solving economic, social, environmental and political problems, increasing growth and prosperity and resolving crises". A crisis, such as COVID-19, may provide new entrepreneurial possibilities that traditional market or government activities could not (Scheidgen et al., 2021). This indicates that innovation is significant for when businesses are undergoing difficulty, suggesting that during COVID-19 innovation would have been a lifeline for many companies. With innovation, numerous businesses would have been able to adjust to the political elements that were present, such as changes in trade and supply chains as a result of imposed limitations in certain nations. Additionally, COVID-19 created economic opportunities for entrepreneurs, such as the potential to provide technology to people working from home in order for them to continue operating. Ratten (2020) argues that entrepreneurs are recognised to take more risks, be more creative, and be more proactive than non-entrepreneurs because of their capacity to meet market needs. Meaning that during a perilous crisis, entrepreneurs are more likely to be innovative and find a solution to benefit from the markets demands. Similarly, Portuguez Castro & Gómez Zermeño (2020), believe that "crises such as those suffered through COVID-19 have led entrepreneurs to confront challenges and threats". This implies that innovative entrepreneurs should have been able to thrive amid the COVID-19 crisis, creating profitable opportunities for themselves while solving problems and fully capitalising on the markets demands.

The unanticipated issues that a crisis such as COVID-19 presents, produce unexpected behaviours and requirements, which in turn might inspire innovative solutions (Ebersberger & Kuckertz, 2021). Change may take place in several different forms, and innovation both causes and takes advantage of change. Numerous innovative entrepreneurs were able to profit from the issues caused by COVID-19 (Lungu et al., 2021). Social and environmental factors, such as lockdowns and social distancing prevented many organisations, universities, non-for-profits, and individuals from delivering their services in person. In order to continue providing their service, they were required to digitally adapt implement use technology-mediated learning programmes (Khan et al., 2021). To be able to do this they needed a platform that enabled them to participate in online audio calls and web conferences. 'Zoom' was the "most used technology-mediated learning platform to teach online classes during the COVID-19 pandemic" (Joia & Lorenzo, 2021). The innovation that inspired the growth of 'Zoom' was technological and social changes, where the industry and market changed. Entrepreneurs seized the emerging opportunities that came with people working from home, instead of in person, and a higher demand for technology-mediated services. A crisis such as COVID-19 can benefit start-up SME's, as unlike already-existing SME's that must take precautions, new start-ups may gain more from the disequilibrium brought on by external factors and create a trajectory that will support their survival and success in the future (Morgan et al., 2020). Several contactless payment companies started-up during COVID-19, because in the UK, demand for contactless payment devices surged as cash transactions were restricted to stop the spread of COVID-19 (Puriwat & Tripopsakul, 2021). Businesses

were able to thrive by capitalising on social concerns about spreading the virus and limited technological payment options (Putit et al., 2021).

### SME's in the UK During Covid-19

Due to the majority of SME's operating in highly competitive marketplaces, they are more susceptible to internal and external economic factors, such as demand for their service or product declining, a lack of available financing, or losing crucial employees as many workers began working from home due to illness or having to quarantine (Caballero-Morales, 2021). This was heightened during COVID-19, which left SME's vulnerable. As SME's often have less resilience than larger companies, it's more difficult for them to resume their "normal operations" following COVID-19 (Juergensen et al., 2020). During COVID-19, SMEs suffered with a lack of resources as well as rising financial demands such payments on bank loans, inventory shortages, and operating costs (Pu et al., 2021). The pandemic primarily affected SME supply chains and financial management (Zutshi et al., 2021). Political ramifications, such as changes in trade and regulations impacted SMEs international supply chains, which resulted in severe economic and social difficulties for many firms that depend on global commerce for competitive advantages (Panwar et al., 2022). This implies that due to their restricted supply, businesses were under pressure as their expenditures were higher than their income, which meant they couldn't afford the expenditures they typically would. Due to the increased societal emphasis on health and hygiene, the public health policies adopted by the government in response to COVID-19 negatively impacted UK SMEs. The typical UK SME had a minus 20% turnover growth over the preceding years both during and after the lockdowns (Walker & Hurley, 2021). Nearly 60% of SME's questioned in a 2021 survey of UK SME's said they expected to go out of business by April 2021, due to the impact of COVID-19 on their firms sales and profits (Belghitar et al., 2021). This suggests that many SME's were unable to operate and compete as a result of inadequate financial management and their inability to fund their operational expenses, due to the lack of demand for their services or products as a result of COVID-19.

There were several political factors that put UK SMEs in precarious financial positions. Fortunately, the government offered SMEs assistance. The majority of the assistance provided by the UK government concentrated on SMEs' capability to access funding, such as through the coronavirus business interruption loan scheme (Brown, 2020). The UK government provided struggling SMEs loans and grants to ensure their survival, 92.5% of loan applicants received loan offers from banks, and the vast majority of those offers were backed by loan guarantees from the UK government (Calabrese et al., 2021). The governments funding was still insufficient for the majority of SMEs, as most lacked the funds required to expand and many of them suffered significant revenue loss (Warsame, 2020). Despite this, without government intervention, the number of SME bankruptcies would have significantly increased (Kalemli-Ozcan et al., 2020). The majority of SMEs endured COVID-19 by focusing on innovation and capitalising on opportunities to expand (Claus et al., 2021). The UK SME Ecoanolytes, which sells hand sanitisers to firms and were just starting-up before COVID-19, were able to thrive during the crisis due to their innovation and adaptability (Arshed et al., 2021). When COVID-19 began, consumer demand for hand sanitiser grew faster than supply chains could maintain (Arshed et al., 2021). During COVID-19 several businesses were forced to drastically change their organisational structures due to the impact on their supply chains (Kuckertz et al., 2020). The societal panic at the start of the pandemic benefited Ecoanolytes, as the demand for hand sanitiser soared and supply became limited, supermarkets began to run out as suppliers were unable to anticipate and react to customers panic buying (Khan et al., 2022). Ecoanolytes were able to prosper from this, as they started to accept orders directly through their website (Arshed et al., 2021). Since their primary concern during COVID-19 was whether they would be able to increase production and meet consumer

demand, Ecoanalytes moved to a larger factory in 2020 to increase production capacity (Arshed et al., 2021). Ecoanalytes adapted to the crisis by expanding production operations from 16 to 24 hours per day in effort to match the substantial demand increase, they had a 1200% increase in growth during the pandemic, handling 700 orders each day as opposed to 5 beforehand (Arshed et al., 2021).

### Conclusion

The purpose of this paper was to comprehend how entrepreneurial innovation affected SMEs during the COVID-19 pandemic. Numerous SMEs in the UK are founded in large part due to entrepreneurship. Innovation is essential to entrepreneurship, without innovation, entrepreneurship would probably not be feasible (Liu et al., 2022). SMEs can almost always benefit from intrapreneurship as intrapreneurial ideas can be useful to withstand crises (Gawke et al., 2019). However, intrapreneurs may also harm SMEs as they might not devote enough time and effort into the firm. The majority of SMEs in the UK were adversely impacted by COVID-19 and its ramifications. SMEs in the UK were impacted by political shortcomings and poor economic conditions; nevertheless, options were provided to help them survive COVID-19. The UK government provided loans and subsidies to them (Brown, 2020). Despite this, the government's support for SME growth remained insufficient, which prompted numerous SMEs to adopt innovative strategies. SMEs were left with limited solutions, that included adapting their business strategy, innovating their products or services, or implementing technological solutions, such as introducing online services (Klyver & Nielsen, 2021). This meant that the only viable method for businesses to grow and survive independently would have been to introduce innovative ideas to enable them to continue to provide their product or service. Nevertheless, many SMEs in the UK were able to prosper despite the obstacles that seemed to signal their demise, due to their instant adaptability and commitment to innovation. There were a number of issues that affected SMEs, with political factors having the most impact. These factors included laws and regulations put in place by the government that hindered and stopped SMEs, such as lockdowns, suspending imports from other countries, and implementing restrictions that would reduce footfall for many businesses (Islam et al., 2020). Entrepreneurial innovation was essential to the survival and growth of SMEs since it allowed them to be efficient at adapting to and anticipating market and environmental changes, therefore increasing the probability of them surviving an economic crisis, like COVID-19 (Kahveci, 2021). Entrepreneurial innovation also helped SMEs to develop during the pandemic, as they were able to capitalise on market needs, this meant that the COVID-19 pandemic wasn't regarded as a crisis for many UK SMEs but more of an opportunity.

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## Chapter 13

**Title: Defining the ‘entrepreneur’ and their characteristics, traits, and intentions: what differentiates an entrepreneur different from a non-entrepreneur?**

**Author: Connor Worrall**

### Abstract

Understanding the background of what an entrepreneur is and how they operate is a majorly debated topic within the world of entrepreneurship (Stam, 2008). Many academics still debate the precise meaning of the word ‘entrepreneur’ as well as their reasons for becoming entrepreneurs. This article will look to examine the main attributes of an entrepreneur and the reason for their motivations to set up start-up businesses. It will set to distinguish the definitions from each other and analyse if there is a definition that can be applied universally, as opposed to the multiple offered versions. It will also analyse the different intentions and the underlying factors for entrepreneurs to become involved with businesses as well as the differences between entrepreneurs and non-entrepreneurs.

### Keywords

Entrepreneur definition, entrepreneurial traits, entrepreneurial characteristics, motivations, intentions

### Introduction

Defining an entrepreneur has become one of the most contested elements within the entrepreneurship field. Without a clear definition, confusion and disagreements are likely to occur as there is no universally agreed definition of what it is to be an entrepreneur (Hébert & Link, 1989). Entrepreneurial characteristics, traits and motivations have also become a hotly contested debate among scholars and academics (Prince et al., 2021). Many factors shape and influence entrepreneur’s intentions when it comes to running businesses, from their upbringing to social and economic factors. This article will examine the different definitions provided for what an entrepreneur is as well as the most common characteristics and main motivations for entrepreneurs.

### What is an entrepreneur?

To understand the motives and intentions of entrepreneurs, it is first important to identify what an entrepreneur is. Shane (2012, p. 13) believes that the debate surrounding the definition of an entrepreneur has become problematic and ‘if the field is to advance, we need to do a better job of deciding on our definition of entrepreneurship’. This shows how many academics and contemporaries still debate the precise definition of what it means to be an entrepreneur and so Shane is saying that, as a result of the multiple definitions being offered, this has caused confusion and a lack of progress in the field of entrepreneurship. In Prince et al. (2021) article, they argue that the definition of

entrepreneurship is different depending on the context it is being discussed in, such as innovation, value creation and opportunity identification. Lumpkin and Dess (1996) argue that one of the main drivers and motivations that influences entrepreneurs is the organisation itself. This goes against Prince et al. (2021, p. 34) definition as they believe that 'business creation is only one act of entrepreneurship'. This shows how Prince et al. believe there are multiple components that are required to adequately define entrepreneurship in a broader context. The main purpose of their article is to 'offer a re-conceptualisation' of what it means to be an entrepreneur and thus define entrepreneurship to its 'fundamental behaviours and processes' (Prince et al., 2021). This article does a good job of offering different perspectives of what it means to be an entrepreneur as establishing an exact definition is difficult, as entrepreneurship is studied from experts from different fields such as 'psychology and sociology scholars' (Prince et al., 2021) and thus what it means to be an entrepreneur is subjective at best. Academics are unlikely to agree on a distinct and universal definition; Anderson (2000, p. 92) defines entrepreneurship as 'the creation and extraction of value from an environment' whereas a scholar such as McKelvey (2004) takes a scientific approach and believes there needs to be a balance between 'theoretical ideas' and not 'traditional equilibrium-based research findings'.

Perren (2003) found that the internet provided 460 definitions from the internet, with the definition offered dependent on what organisation was providing it. Governments view entrepreneurs as an 'economic machine' (Perren, 2003) who only want to see the entrepreneur benefit their own economy whilst most websites that target entrepreneurs see them as 'individual heroes who take risks and overcome challenges to succeed'. These findings agree with Prince et al. view, that the number of definitions offered has the potential to cause 'confusion through ambiguity' (Perren, 2003) and thus contribute to the polluted area that is entrepreneurial definitions. Daspit et al. (2021) agrees, somewhat, with Prince et al. definition. They believe that there are a number of factors attributed to an entrepreneur's mindset, such as their cognitive elements, opportunities, and experiences in their early life (upbringing) and environmental factors. This shows again how defining entrepreneurship in a precise way is difficult and also shows how the debate around defining what an entrepreneur is still lingers in the present day and that, ultimately, despite the research and findings of many scholars and academics, there remains still a question mark over how to universally define an entrepreneur, and this is no easy task, albeit arguably an impossible one. Stevenson & Jarillo (1990) argue that risk is one of the key attributes of an entrepreneur and separates them from a non-entrepreneur, yet others such as Sarasvathy et al., (1998) believe that it is less binary and more nuanced (Prince et al., 2021). Clearly there are conflicting interests when it comes to describing an entrepreneur, and an accurate definition is likely to be lengthy and not compact enough if to satisfy all.

The article goes on to say that their own definition is 'the act of generating and developing an idea for validation' (Prince et al., 2021) and that to do this they have had to incorporate multiple components of existing entrepreneurial definitions as though, arguably, to satisfy the majority. This is clearly a very broad definition but a necessary one; by not being as precise it allows the reader to develop their own understanding and as a result form their own definition. In this way the definition of an entrepreneur can be seen as subjective. This shows the importance of subjectivity in this field, with Bylund and Packard (2022) arguing that an entrepreneur is not just someone who seeks to maximise money profits and that subjectivity will always be applicable within the area of entrepreneurship and that this is not necessarily a negative for the subject. The definition in this article contradicts that of someone such as Drucker (1985) who saw entrepreneurs as individuals who innovate and 'endows resources with a new capacity to create wealth'. This again shows how diverse these definitions are, however,

it is worth noting that someone such as Drucker defined this in 1985 and the landscape of entrepreneurship is an everchanging phenomenon in the modern day.

A criticism of this article is the inherent bias that will always exist, consciously or unconsciously (Sylvester et al., 2013) meaning, in Prince et al. (2021) own words, insights may have been 'overlooked, potentially important ones' due to unconscious bias. A strength of this article is also a valid criticism; the definition offered can be considered by some to be too broad and lacking in a concisely worded alternative to other contemporary definitions. There are clearly many elements and components to accurately describing what an entrepreneur is, and so this criticism is a harsh one as every definition is likely to miss a component of entrepreneurship that others would value as important. However, the article offers a generally balanced approach to tackling this, perhaps, impossible question and also offers a unique viewpoint of what it means to be an entrepreneur. They draw upon a number of different theories and definitions to offer a broad yet inclusive definition in the hope that it will appeal to a wider range of people, though they acknowledge themselves that entrepreneurship is an ever-evolving phenomenon and that their own definition is likely to be edited and more accurately defined in the future. It can be argued that other prominent scholars such as Drucker (1985) give more clarity to the definition by being more precise, which is a fair assessment, but ultimately this is an area in entrepreneurship where no one will fully agree on a universal definition, and Prince et al. offered definition of entrepreneurship is a valiant effort in what is a highly debated field.

### Characteristics and personality traits of an entrepreneur

Larson et al. (2002) study found that controlled risk-taking, creativity and innovation were among the most prominent features of an entrepreneur, whilst Lopez-Núñez et al. (2020) found problem solving and emotional intelligence to also be of significance when researching and analysing what traits makes an entrepreneur. McCrae and Costa (1990) identified 'the big five' of entrepreneur traits as agreeableness, conscientiousness, neuroticism, extraversion, and openness. This study is one of the most cited in the literature surrounding entrepreneur traits and characteristics and their study found that entrepreneurs have a higher level of extraversion, openness, and conscientiousness, when compared with non-entrepreneurs and lower levels of agreeableness and neuroticism. This study showed how entrepreneurs value their independence and are likely to be risk takers, even if the risk is controlled. According to Rosado-Cubero et al. (2022) there are four characteristics linked to effective behaviour of entrepreneurs: 'a good education, a particular family environment, a cluster of creativity, initiative, risk-taking and efficiency management and open mindedness'. This shows how there are many different traits and characteristics attributed to the generic term of an entrepreneur, and depending on the study, a variety of conclusions are drawn around what exactly makes up the personality and traits of an entrepreneur and how this separates them from non-entrepreneurs.

There are many different types of entrepreneurs (social, digital, innovative, start-up, etc.) and these attributed traits may not necessarily reflect all of these varieties of entrepreneurs (Lafuente & Salas, 1989). Traditional entrepreneurs and digital entrepreneurs have seven distinct features: ease of entry, ease of manufacturing, ease of storage, ease of distribution, digital workplace, digital goods and services, and digital commitment (Hafezieh et al., 2011). This shows how, despite digital entrepreneurship being a relatively new phenomenon, 'digital entrepreneurship is not just a subset of entrepreneurship, but a unique type of entrepreneurship that demands separate attention' (Seow,

2022). Social entrepreneurs are more concerned with basic human needs and improving the quality of life in society (Nga & Shamuganathan, 2010) and making money is not their primary concern necessarily. This contrasts to the traditional entrepreneur characteristics, as their motives are usually profit related and need achievement, thrive on risk-taking and need an internal locus of control (Hajer & Habib, 2013), which again shows diversity in each type of entrepreneur. These traits and characteristics should not be applied universally to all types of entrepreneurs and instead be selected appropriately as each of these types of entrepreneurs are not necessarily applicable to each study of their personality traits.

One of the major debates around this area is whether entrepreneurs are born with these traits or if they learn and adopt these traits, nature or nurture. Lindquist et al. (2015) found that nurture was hugely influential when researching if non-entrepreneur parents could have entrepreneur children and that nurture is an important aspect in shaping entrepreneurs and likely to be the defining factor over if children are born with an 'entrepreneurial gene'. Ramoglou et al. (2020) believes that there is not enough evidence and likely never will be to discover a kind of 'entrepreneurial gene'. Though the debate of nature vs nurture is still alive, this does not necessarily mean that, born with entrepreneurial traits or nurtured from a young age, the entrepreneur will be a successful one.

A criticism of the studies around entrepreneur personality traits is concerning the definition of a 'trait', as Barker (2001) argues that there is still much confusion and ambiguity around this term when it comes to abilities, personalities, and demographics. This can be argued to be a valid criticism as many of these studies use scientific data and therefore apply a generalised theory. Though it is useful to understand how the average entrepreneur thinks and acts, an argument could be made that this categorises almost all entrepreneurs into the same demographic, and this is highly unlikely to apply to all entrepreneurs, especially those who operate in different capacities: social, start-up, digital etc. There is also evidence to suggest that entrepreneurs' personality traits aren't vastly different, if at all, from that of the general population (Mueller & Thomas, 2000).

### Entrepreneur intentions

When starting up a new business, it is estimated around 4 out of 5 will fail at some point (Graham, 2008), with 20% failing within the first year and around 50% of small start-up businesses failing in the first few years (Paphitis, 2014, as cited in Burke 2014). Clearly starting a business is a risky one judging by these statistics and so it is inevitable that one of an entrepreneur's goal when starting a new business will be to survive the first few years and maximise profit. The financial benefits are an integral motivation when it comes to entrepreneurs starting new businesses (Ismail, 2022). Entrepreneurs, whilst multiple other intentions and motivations can be an important focus, must survive these crucial first few years in order for the business to thrive in the future. A successful entrepreneur has to be able to balance their own targets for what they want their business to achieve with an adequate financial model. Social entrepreneurs in particular, whose intentions may include helping their local community, must make sure they achieve financial stability before acting on these goals they may have. This is echoed by Ruiz-Dotras and Lladós-Masllorens (2022) who found that the 'search for improvement and economic opportunity is the main driving force for entrepreneurial intention'. This is also acknowledged by Ismail's (2022) study in which they state that an entrepreneur's start-up



motivations and their own personality traits are key areas that need to be improved to boost small and medium-sized enterprises' survival rates via increased growth.

Many entrepreneurs become disillusioned with their working life such as their salary and their own need for independence, meaning they take a risk by leaving a (usually) stable job with a guaranteed income and instead attempt to run a successful business. Ahmed et al. (2020) found that entrepreneurs with high conscientiousness, a key element of entrepreneur characteristics, had a higher likelihood of taking risks. This shows that many entrepreneurs are not deterred by the high risk of leaving what can be perceived as a safe way of living and instead thrive off the challenge of setting up and operating their own business. However, Radipere (2015) found that not all entrepreneurs set up businesses to earn more money and that there is a 'significant correlation between motivation to start a business and business performance'. This contradicts Ismail's viewpoint somewhat as, despite the obvious motivation for entrepreneurs being to make as much money as possible, this is not the primary target for all new start-ups. Motivations for new business ventures can be for a variety of reasons and profit maximisation is just one element of a number of factors and thus it is unfair to categorise all entrepreneurs as having the same motivations and intentions (Ismail, 2022).

The main reasons for an entrepreneur to get the motivation for setting up a new business, according to De Silva (2010), are job dissatisfaction, lack of progression within their job, dissatisfaction with salary, and the need to be able to live reasonably (living standards). De Silva's research also found that entrepreneurs were attracted by the opportunity aspect, the need for autonomy and the pleasure of the work outside of their current job. This shows how many entrepreneurs start-up companies out of them being disillusioned within their current job and essentially wanting to take on a different challenge and become their own boss (Radipere, 2015). Another motivation may be due to an individual's personal circumstances, background, and upbringing, and becoming an entrepreneur becomes their only alternative due to issues such as unemployment (Aggarwal & Chauhan, 2022). This shows that motivations for an entrepreneur do not necessarily have to come from a place of wanting better, such as more money, a strong locus of control, but for some, a place of needing better. Some people do not have the luxury of choosing to become an entrepreneur due to dissatisfaction but rather they are forced to as a way of existing, showing that an individual's background and upbringing can play a vital part in shaping entrepreneurial mindset and skills.

### Conclusion

The word 'entrepreneur' is clearly a subjective one. Despite numerous offered definitions, the vast differentiation between them means the question of what an entrepreneur is will likely always be a different answer dependent on who is asked. It is therefore difficult to provide a universal, concise definition as ultimately there are many different elements that make up an entrepreneur. Their characteristics, traits and intentions will also be unique to each individual entrepreneur, showing how it is challenging to pinpoint exactly what an entrepreneur is and their motivations. This field is likely to always be up to debate, with the various studies and research conducted providing different results, many contradictory depending on whose study you look at. Whilst it would certainly be helpful to have a robust, defined explanation of entrepreneurship, it is ultimately an everchanging phenomenon with the definition likely to alter further in the future.

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## Chapter 14

### **Title: Networking for Entrepreneurs: Underlying Challenges**

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#### Abstract

The primary purpose of the undertaken study is to understand the various challenges that are faced by entrepreneurs when it comes to networking. For an entrepreneur, it is extremely important to create a business network and hence they need to possess a specific skill of sets in order to create a support system. The presence of network assists entrepreneurs to scale their business to newer heights. However, at the same time they face issues which are analysed in the study.

The study is based on secondary research that is derived from peer reviewed academic journals and databases. The results and conclusion for the study is based on various journal articles taken from Industrial Marketing Management, International Small Business Journal of Small Business Management among others.

The study outlines that networking has become an integral part of business development for entrepreneurs across a global platform especially when it comes to meeting new people and creating a support mechanism for their business. However, there are various challenges that come with such kind of a networking which includes networking being highly time and resource consuming especially in the initial stages of growth. Entrepreneurs find themselves overburdened and difficult to manage their businesses along with networking. At the same time, the benefits that are derived from networking are justified since networking during the early years of a start-up helps to get the required business by entrepreneurs. The time and resources spent by entrepreneurs for the purpose of networking is justified in terms of the return that they receive in the form of sales as well as it spreads the word among member networks. On the other hand, if the entrepreneur spends a lot of time and resources on networking, they can burn out since it may lead to fatigue. Spending a large amount of time on networking can be challenging since entrepreneurs already have to oversee various aspects like operations, strategy making and sales. This may lead to higher chance of failure for the entrepreneurs which is undesired.

Networking is not only essential for creating initial sales, but it also increases the visibility of the brand as well as it leads to an increase in the confidence of the entrepreneur. Getting noticed is one of the key advantages that an entrepreneur can derive when it comes to networking for the business. The cultural differences are also extremely challenging when it comes to business networking. Due to the presence of globalization entrepreneurs tend to work in an international and cosmopolitan environment which includes a range of nationalities. It may be difficult to understand a different culture and hence it is extremely important for entrepreneurs to ensure cultural sensitivities.

The research outlines that though there may be challenges which entrepreneurs may face due to networking, but it is extremely important since it helps them to build confidence and ensure that they can manage cross cultural teams. Networking will not only ensure success of the business, but it will also give them a competitive advantage in the market.

#### Keywords

Entrepreneurial Networking, Entrepreneurial Challenges, Business Network, Entrepreneurial Skills, Networking Behaviours

### 1. Introduction

Networking refers to a group of allies that engage with each other in a professional manner through frequent interaction for the purpose of mutual benefit. Networking is especially important for entrepreneurs since it helps them to kick start their business (Halkias et al., 2011). Networking requires a specific set of skills, and it has become an integral part of the modern business. The presence of networking assists in provision of private information and access to various types of resources and skills. Networking is not only about the way in which others can help an entrepreneur but also about the way in which they can help the network to grow (Chinomona & Maziriri, 2015). Networking is extremely important for the success of a company since it helps to increase the confidence and self-growth of an entrepreneur as well as build relationship that keeps them to be updated with industry knowledge as well as latest technological innovation (Tobora, 2014).

Networking has become a fundamental part of business development especially for entrepreneurs across the globe since it facilitates them to meet new people and thus helps them to expand their current business (Otto, Lee & Caballero, 2011). It helps them to create a support system and access resources. However, on the other hand, Isaga (2018), has identified that there are various challenges which come with such networking especially for start-ups since the time consuming and resource intensive. The primary aim of this study is to analyse the challenges that entrepreneurs face in networking for the business.

### 2. Analysis

#### 2.1 Entrepreneurial Networking & importance

Albourini et al., (2022) outlines that networking is especially time consuming when it comes to start ups, especially in its initial stages. It is supported by Lamine et al., (2015) that entrepreneurs tend to be overburdened by networking and they may find it difficult to strike a balance between networking and the other aspects of the start-up. Network in the initial stages of a start-up is extremely important since it helps them to attract business which is essential for the company. The importance of networking contradicts the justification of it being time and resource intensive as it is considered to be an integral part of the business. According to Dawson et al., (2019), entrepreneurs spent an average 7 to 8 hours a week for the purpose of networking and about half of the clients came from the networking aspect. It is important for entrepreneurs to spend that time to build relationships and attract a customer base which can help them to increase their revenue, especially in the initial stage. Ford and Mouzas (2013), also outlines that entrepreneurs who engage in networking in the first year of the launch of the company tend to have a success rate which is 43% higher as compared to entrepreneurs who do not indulge in any form of networking (OECD, 2022). The benefits of networking are extremely high especially for a start-up but Österle, Fleisch and Alt (2011), argue that in many cases the time spent on networking does not yield desired results which may lead to wastage of resources available. Also, the resources which are initially available in a start-up are limited and hence entrepreneurs need to ensure that these resources are being spent in an adequate manner.

The time and resources spent by entrepreneurs for the purpose of networking is justified in terms of the return that they receive in the form of sales as well as it spreads the word among member networks (Bergmann & Utikal, 2021). On the other hand, if the entrepreneur spends a lot of time and resources on networking, they can burn out since it may lead to fatigue. Spending a large amount of time on networking can be challenging since entrepreneurs already have to oversee various aspects like operations, strategy making and sales (Baraldi et al., 2019). This may lead to higher chance of failure for the entrepreneurs which is undesired. However, Ferreira et al., (2022) explains that networking should be done in a manner where the target of the entrepreneur is achieved as it will help them fulfil their objective. Also, networking is a cheaper way to get initial sales for a company which may have a limited budget when it comes to marketing (Albourini et al., 2022). Though it may be difficult to find the target network that the entrepreneur is looking for in order to network, but with time and the correct strategy entrepreneurs can ensure that the time spent in finding these resources have a fruitful return.

An effective way to manage time and resource is to ensure that each week as specific amount of time and resources is allocated which is crucial for the business. The presence of organization and creation of a to do list will help entrepreneurs to overcome this challenge in an effective way (Albourini et al., 2022). Also trusting team members and dividing the work between them will ensure that networking is not as challenging as it seems. Hence a primary challenge with networking is that it may be time and resources intensive, but it also assists entrepreneurs to increase their sales, thus the company much requires it (McKinsey, 2021).

The argument which has been presented earlier outlines the importance of networking for start-ups especially when it comes to increasing sales. However, this has been questioned by Mitchell, Schlegelmilch and Mone (2016), though the networking aspect helps entrepreneurs together initial sales but at the same time it also reduces the chances of survival of their company. The authors outline that a large amount of networking in the initial stages may result in entrepreneurs losing their focus in towards generation of profits (Laari-Salmela, Mainela & Puhakka, 2019). Also, at the same time large amount of networking may lead to bigger networks but weak ties. Hence networking can be challenging since it can only help in calling for the initial sales of a company, after which entrepreneurs need to focus on actual profit generating strategy for the company. The findings by Ivanova-Gongne and Torkkeli (2018) and Makkonen, Aarikka-Stenroos and Olkkonen (2012) supports the above fact to a certain extent. The finding suggests that entrepreneurs tend to put in high amount of time during the initial stages for networking which tends to act as a distraction and shift their focus from creating an actual strategy for the company. The authors at the same time have also suggested that start-up owner's need not focus to a large extent in networking since it helps only to get initial sales and shift the focus of these entrepreneurs from making actual sales (Schroeder et al., 2019).

### 2.2 Underlying Challenges Faced by Entrepreneurs

Efendic and Ledeneva (2020) analyse that their constraints faced by entrepreneurs when it came to networking. A sample size of 30 small business entrepreneurs was taken and the analysis of the data outline that the primary challenge faced was that networking provided initial sales for the company, however it did not have a significant impact on the continuation of the business. Hence it was only



initially that the companies faced good sales and it was only through a structured marketing strategy that these companies could further create sales (Österle, Fleisch & Alt, 2012). The author at the same time also recommended that entrepreneurs should not solely rely on networking in order to create sales for the company (van Rijnsoever, 2020). They should look at alternate methods like word of mouth as well as paid methods of advertising in order to grow.

Another major constraint faced by entrepreneurs especially in networking was the problem of finance in order to network. Networking is not only time consuming, but it also needs a significant amount of finance (Albourini et al., 2022). Networking with big groups attract membership fees as well as other cost which may be difficult for small time entrepreneurs to arrange. for example, entrepreneurs find it challenging to avail affordable credit at a reasonable price. Hence networking may lead to shortages of finance as well as limited mobility for the entrepreneur. However, networking can be challenging since it only creates initial sales but Österle, Fleisch and Alt, (2012) refutes this theory saying that initials sales forms the basis of creating a market for a start-up. The initial sales are extremely important since they attract ongoing sales as well as it forms the crux of the sales strategy. only with the help of initial sales can companies expand to create better lines as well as better strategies that it shows a more holistic approach towards sales.

At the beginning of a start-up the entrepreneurs might find it challenging to know about each and every aspect of the company (Laari-Salmela, Mainela & Puhakka, 2019). Also, the entrepreneurs need a higher amount of resources mentor or in general more knowledge when it comes to the development of the firm in order to create a sustainable business. It is important for them to network for this reason as they provide support mechanism and are extremely essential to overcome the various challenges that the company may face. Businesses may require support and assistance from a large number of resources if they intend to expand (Van Rijnsoever, 2020). The presence of a network that can be tapped by the entrepreneur helps them to achieve this through the support mechanisms that are provided by the network especially incubators, accelerators as well as various types of investments in the form of venture capitalist and Angel investors (Heinrich & Betts, 2013). However, at the same time these start-ups can be negatively impacted if there is a lack of this support mechanism. Most of them are linked to a lack of capital as well as inadequate assistance from people who are established in the business due to the challenging nature of creating a network.

Network is not only essential for creating initial sales, but it also increases the visibility of the brand as well as it leads to an increase in the confidence of the entrepreneur. Andersen and Medlin (2016), outlines that getting noticed is one of the key advantages that an entrepreneur can derive when it comes to networking for the business (Davidson, 2018). Through attending social events as well as business events and the entrepreneur can increase their relationship with people that can provide useful information and insights in order to create reliable and supportive environment for the business. At the same time networking also helps the entrepreneur to talk to various people and make presentations which enhances the confidence of the entrepreneur (O'Murchu, Breslin & Decker, 2004). The confidence of an entrepreneur is important since the growth is dependent on the way in which the author handles themselves in front of the others. However, Österle, Fleisch and Alt (2012) argue that networking is not the only way for an entrepreneur to create visibility for the brand or even act as a source of confidence for them. Leadership skills as well as training programmes can help the entrepreneur to build confidences and ensure that they create an established brand in the market. On

the other hand, a report by De Klerk and Kroon (2018), outlined that business networks help entrepreneurs to create in a brand name in the market through their support mechanism. Networking was instrumental in creating a brand name for 32 brands out of 40 brands which were undertaken in the above study. The study showed that business networking has a positive relationship. Business networking provides likeminded people and hence it helps in mentorship. However, entrepreneurs find it challenging to find the right kind of Business Network that may suit their needs

Though the above analysis has outlined the importance of business networking to an entrepreneur, however it is extremely challenging for an entrepreneur to find the right kind of business network that may suits their needs. Each entrepreneur might find various difficulties when it comes to finance for marketing operations (Ivanova-Gongne & Torkkeli, 2018). However, the kind of mentorship required by one entrepreneur might vary to another entrepreneur and hence the kind of business network that they need may also vary. Some entrepreneurs may require networking which not only enhances sales but also provides the latest updates in the field of technology while others might focus on the newer methods of marketing (Andersen & Medlin, 2016). Hence it is the primary responsibility of the entrepreneur to find the kind of Business Network which is the right fit for their company. Alternatively, Laari-Salmela, Mainela and Puhakka (2019), explains that finding the correct business network me actually consume a significant amount of time for the entrepreneur which can be used for making other useful business decisions. Pittaway et al., (2014) is of the opinion that business networks are definitely very important since they provide support mechanism, but it is extremely important to strike a balance between the day-to-day operations of an entrepreneur and creation of a Business Network. The time taken to create a business network should not be as high that it may hamper the growth of the company. It is very important to find the right Business Network through a dedicated time that is pre-established by the entrepreneur and within the resources that are reasonable for the company.

### 2.3 Overcoming the Underlying Challenges by Entrepreneurs

De Klerk and Kroon, (2018) explains that the networking done by entrepreneurs can be strengthened by offering encouragement commerce support and assistance to others within your network as well as offering help to other companies. The building of a network can be done in various ways that includes attending meetings and events knowing people through cross functional departments as well as attending training programs and classes within the field of the entrepreneur (Baraldi & Nadin, 2006). also networking calls for an essential skill in networking else the entrepreneur me believe that they do not have the skill to create a good business network. Also, any strong false belief may decrease the confidence level of the entrepreneur. In order to overcome the self-limiting beliefs and establishment of a good business network it is very important to understand the rapper that is created between two individuals. Alt, Fleisch and Österle (2020), explains that not only is the quantity of the network important but its quality is pharma important. A networking relationship should not only be based on assistance by others but also be giving at the same time. It is important to ensure relationship building.

Van Rijnsoever (2020), explain that entrepreneurs may have a huge expectation when it comes to creating a network and hence, they have to be extremely realistic in their expectations. It is important for entrepreneurs to be flexible and show in dependability in order to create a network with the right

perception and communication (De Klerk & Kroon, 2018). Networking is not only a process, but it is also a competency, and it demands the skills of an established leader. It is essential for entrepreneurs to break out of the comfort zone and engage with a larger number of people through transparent functioning. At the same time this could be contradicted based on the argument by Österle, Fleisch and Alt (2012), that new forms in any industry would benefit through networking as it would help them to access resources that would be proved to be of advantage to the business. It will also help them with the generation of ideas.

De Klerk and Kroon (2018), explains that cultural differences is also extremely challenging when it comes to business networking. Due to the presence of globalization entrepreneurs tend to work in an international and cosmopolitan environment which includes a range of nationalities. It may be difficult to understand a different culture and hence it is extremely important for entrepreneurs to ensure cultural sensitivities. It is important that entrepreneurs know about the context of different cultures and during networking find a common ground to work towards building a relationship (Halinen, Medlin & Törnroos, 2012). In case entrepreneurs attending an international conference or working with international clients come up it is essential for them to make new connections. If the author fails to observe any cultural nuances at play it may be possible that the networking may not work in the favour of the entrepreneur. And it is extremely important to adjust to various cross cultural communication styles and reacted in appropriate manner in order to build an international Business Network (De Klerk & Kroon, 2018). The development of skills that make cross cultural networking is extremely essential in order to create a stronger network for the entrepreneur. Davidson (2018) advocates that showing interest in the work of the other people present in a network is a universal networking principle and provides for an extremely important cross-cultural skill. The use of correct body language as well as asking questions to ensure that one is listening is extremely essential for the creation of a strong relationship between the networks. It is important for entrepreneurs to remember that networking is a two-way street. It is not only important to focus on the way in which the network may help the entrepreneur, but it is also important to focus on what the entrepreneur can do for the network (Halinen, Medlin & Törnroos, 2012). The presence of business networking will not only help entrepreneurs to create a support mechanism but also ensure that they gain a competitive edge in the market.

### 3. Conclusion

By looking at the above analysis clearly is evident that networking for entrepreneurs can be challenging but it has a large number of benefits which will help in expansion of the company as well as creating a support mechanism for the same. One of the key contributions of the above study is outlined in the fact that the presence of a professional network helps an entrepreneur to build confidence as well as be aware about the latest developments in the industry. The given research provides implications for practice for entrepreneurs that can help them to engage and contribute to the entrepreneurial ecosystem through networking. The presence of networking helps in greater collaboration and creating a relationship that helps the company to have a competitive advantage.

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