

# Chapter 2

## Entrepreneurs

### ABSTRACT

*An entrepreneur requires many skills. But, an entrepreneurial perspective is more about a state of mind. That is, an entrepreneur will be more willing to take a risk than a small business manager. Further, an entrepreneur will tend to be more innovative in continually seeking out new opportunities. Eventually, however, the entrepreneur will move on to a new initiative; or to adopt the perspective of a small business manager. This chapter presents the evolving role of the entrepreneur's involvement in small business.*

### INTRODUCTION

This chapter includes a description of the various types and characteristics of entrepreneurs involved in small business. The emphasis is on the individual who becomes an entrepreneur. A nascent entrepreneur is an individual who has not yet started a venture but has considered doing so and is in the process of forming a small business. The types of entrepreneur include novice, serial, and portfolio. Personality types influence the entrepreneur's approach to conducting business. Some entrepreneurs might be aggressive pursuing growth and expansion while others might take a more conservative approach.

Further, there is an obvious link between an entrepreneur and a small business. The characteristics and aptitude of an entrepreneur may apply to their involvement in a large corporation, but an entrepreneur is more obvious and indeed necessary

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in a small business. It is a difficult task to separate a discussion of the entrepreneur from the small business. However, the remainder of this chapter will focus on aspects related to entrepreneurs.

This chapter is organized as follows. The next section defines the types of entrepreneurs including novice, serial, and portfolio, including nascent. Another perspective considers manager, owner, technician, and crafts person. The following section presents descriptions of the characteristics of entrepreneurs. These characteristics include descriptions of cognitive style and the umbrella characteristics as displayed by “super achievers” and “small giants”. Another perspective investigates the characteristics of the founding entrepreneur and the authentic leader. A differentiation is made between an entrepreneur and a small business owner. Further characteristics are explored from the perspective of traits, behaviors, and opportunity identification. This section also investigates the performance of entrepreneurs in relation to their human and social capital. Then entrepreneurship is explored through a discussion of the Theory of Entrepreneurship. The chapter concludes with the introduction of the entrepreneurial process, including creativity, innovation, and implementation, followed by a discussion of the dimensions involved in the entrepreneurial process including creativity, innovation, and implementation.

## **TYPES OF ENTREPRENEURS**

The origin of the term “entrepreneur” is derived from the French word “entreprendre” which means “to undertake” (Brouwer, 2002).

It has been suggested that an entrepreneur is, “...someone who specialises in taking judgemental decisions about the coordination of scarce resources.” (Casson, 2003, p. 225). This definition does not include a comment about the size of the business. An entrepreneur may be involved in a small business or a large company. The definition thus emphasizes an individual’s approach to making decisions. Entrepreneurs, however, tend to be found more often in small business. This is the focus of this chapter. Because of the size of a small business and the lack of time, finances, and skills (Thong et al, 1994) these entrepreneurs will typically have to make decisions within the context of allocating scarce resources.

Birley (1996) suggested entrepreneurs tend to focus more on changing the current small business environment by implementing innovative management processes.

More recently, the term has been defined as, “...a person who has a financial stake in [a small business]; ...is involved in the production and sales of existing and innovative goods with the intent to maximize enterprise profits for personal benefit...” (Konorti, 2010, p. 14).

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