

The challenges of becoming an entrepreneur business essay



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Becoming an entrepreneur is a career many young people dream of. Many times however, the term ' entrepreneur' is mistakenly linked with success; which periodically develops into the impression that it will not be that hard to grow into a successful businessperson. " Who owns Microsoft? Who gets the profits from Tesco? Why did I not think of Facebook?" Such questions always wonder the mind of individuals such as me, who consider the concept of running their own business fascinating. Unfortunately not everyone can be successful in this field. One main reason according to the ' trait' approach, for one to fail, is the possible absence of certain personality traits or characteristics. There is however a variety of theories and designations in regard to the definition of the entrepreneur and even more approaches when considering the determinants of being successful in entrepreneurship. Despite the long history of the term, scholars continue to disagree as to who is an entrepreneur (Carland et al, 1984).

In this paper I will try to reflect on some of my personal attributes in regard to theory to determine or predict my suitability as an entrepreneur.

DEVELOPED ' TRAITS'

SELF-EFFICACY:

According to Wood and Bandura (1989) self-efficacy refers to an individual's cognitive estimate of his or her " capabilities to mobilize the motivation, cognitive resources, and courses of action needed to exercise control over events in their lives". Looking back in time, there has been numerous times that could justify the existence of high self-efficacy or optimism in my

personality. Perhaps one of the most distinguishing examples would be when I volunteered to lead up a project team in my second year at university. As a <https://assignbuster.com/the-challenges-of-becoming-an-entrepreneur-business-essay/>

leader, I would then have to report back to the larger group. I found myself confident in taking the responsibility and that was perhaps a result of self-belief and optimism in my personality.

Many researchers put emphasis on the role of self-efficacy and its relation to entrepreneurship in regard to areas such as the development of entrepreneurial intentions and actions and performance (Boyd and Vozikis, 1994; Scherer et al. 1989). The relatively high levels of self-efficacy I displayed in my example, could relate to the concept of entrepreneurial self-efficacy (ESE). My belief that I was capable of successfully performing the roles and tasks of the leader of the group could evolve into confidence to take on the tasks of the entrepreneur in the future. Krueger and Brazeal (1994) linked self-efficacy in their model of entrepreneurial potential and proposed that ESE constitutes one of the key prerequisites of the potential entrepreneur.

2. CREATIVITY AND INNOVATIVENESS:

One attribute that appears in several definitions of the entrepreneur refers to innovation. Furthermore, in a study carried out by Rauch & Frese (2005), cumulative evidence indicates that entrepreneurs are more innovative than other people (corrected $r = .235$) and innovativeness is positively correlated with success (corrected $r = .220$).

Figure : Luecke and Katz, 2003

In an attempt to differentiate creativity and innovation, Luecke and Katz (2003) argue that innovation can be broken down into processes one of them being creativity. Unlike innovation, creativity in one's personality can be

more easily spotted from minor, everyday activities and situations and how they are tackled from the individual. Examples of creativity can range from painting the mailbox red whilst all mailboxes in the neighbourhood are black or solving puzzles and mind tests which use our ability to 'think outside of the box'.

I consider myself a creative person since there have been numerous 'minor' incidents that could justify this perception. Last year, an assignment was set for a university module, on which we then had to present our findings through a video presentation on YouTube. Most of the groups uploaded their PowerPoint presentation with some narration on the background. Since it was made clear on assignment description that creativity would be appreciated, I thought of adding a small video window with ourselves explaining what is displayed on each slide. In the end we received a high mark since this idea differentiated our presentation from the rest. This example could be a 'hint' for potential innovation as creativity is the first (Figure 1) and perhaps most important part of entrepreneurial innovation.

3. RISK-TAKING PROPENSITY:

The risk construct dominates the literature on entrepreneurship and the ability to bear risk has been identified as the primary challenge facing entrepreneurs (Knight, 1921). In assessing whether I retain a risk-taking propensity, I have recently taken a minor step in becoming an entrepreneur which can be reflecting of this 'trait' in my personality. This past summer, I decided to design a website offering a premium sport prediction service. In order to be able to compete with other successful websites, expenditure was

required for the necessary domain and server costs, advertising and subscription to other primary resources required such as betting magazines.

My decision to go on and invest more funds on the website, involved the risk of losing my investment but at the same time with the belief that I can make profits from paying subscribers in the future. This decision could be an indication of risk-taking propensity in my personality. Cromie (1994) explains that entrepreneurs are mostly characterised as risk-takers and that is what differentiates them from the rest so if my assumption that I have risk-taking propensity is correct, then I could be in the possession of one very important 'trait' to help me become an entrepreneur.

DEVELOPING ' TRAITS'

SELF-RELIANCE:

It is important that an entrepreneur does not just work on his/her own but tries to exploit the advantages of bringing in a variety of skills and other resources through business partners that may help to generate new ideas, solve problems and develop new business (Lee and Tsang, 2001). In a study that was carried out by Cooper et al (1990) the conclusion suggested that firms started by more than one person have higher are more likely to succeed than those started by only one person.

From my past experiences in regard to self-reliance, I can remember that whenever I had to or given the option to work in groups, I would always prefer to do the important tasks myself. I have this perception that I have the ability to carry out various tasks such as a when working for group project or assembling the new home cinema system, through to completion based on

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my efforts alone. Looking at the results of the self-reliance research noted above, convincing myself to allow others to equally participate on a common task will lead to better results, is something I will pursue to increase the likelihood of becoming a successful entrepreneur.

STRESS TOLERANCE :

Stress tolerance refers to ability to withstand adverse events and stressful situations by actively and positively coping with stress. As with many occupations, not being able to cope with stress can produce negative side effects such as health problems and performance drop (Rahim, 1996).

Studies suggest that being an entrepreneur endeavours high amounts of stress (Wincent and Ortqvist, 2008) and thus having high stress tolerance can be an advantage for prospective entrepreneurs.

I usually get under stress quite easily when under time pressure or when things do not go as planned. When for example, there are few days for an important exam, I usually get nervous and stressed. I might even be going according to my initial study plan, but I will still feel that I will not manage to get all the reading done by the day of the exam. As a result I waste my time in worrying rather than studying and I might even underperform just because of that.

The proposed link between my practical example and the future entrepreneurial stress I will come to is that important business decisions could be made wrongly under stress and it is something I should work on in the future.

REALISM

Above I have regarded optimism or self-efficacy as a personality trait I possess and explained how it can be helpful with my future as an entrepreneur. Although it is generally acceptable that optimism is a characteristic that can help in the quest of becoming a successful entrepreneur, an over-estimation of the odds to succeed can lead to failure (Baron and Shane, 2005). Realism refers to the individual's ability of being pragmatic and accepts facts as they really are. Personally, I find myself sometimes almost completely ignoring what is there or what will unavoidably occur and I end up facing the consequences.

A recurring example refers to whenever I am about to leave the house and the sky is cloudy but I want to believe that the sun will come up, so I go out underdressed. Most of the times it rains. Another experience occurred in the last year of high school where I wanted to fit football practice in my schedule. I knew that my time schedule was already full but I acted in excess optimism and the result was drop in my first semester's grades and then quit football practice. In this case it was me getting stressed up and dropping my grades but being realistic can " help entrepreneurs avoid unnecessary financial loss when economic factors are not in favour of new venture creation."(Liang, 2010).

CONCLUSION:

A link between entrepreneurial theory and my past experiences has been attempted in order to identify my ' strong' and ' weak' personality characteristics in regard to the potential of becoming an entrepreneur.

Although that all explanation was referenced and explained, criticisms of the <https://assignbuster.com/the-challenges-of-becoming-an-entrepreneur-business-essay/>

personality characteristics approach exist and suggest that it should not be studied in isolation. Critiques also state that this approach ignores environmental factors that may be more important than personality as well as it ignores the role of learning and preparation. While criticisms of trait theory deserve to be taken seriously, acceptance of critiques does not imply a rejection of the role played by enterprising individuals in setting up new businesses. Bearing the criticism in mind, I still find self-reflection beneficial, whilst it can be used as an indicator for the areas that I will have to work on in the future.

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