



Entrepreneurs' Personnel Characteristics and Their Impact on the Growth of SMEs

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Abstract:

The growth of small and medium-sized enterprises (SMEs) is one of the most important research topics that have been studied by researchers because SMEs constitute an important economic power in job creation with such rates are much more than the large enterprises. The growth of small business helps in raising employment and therefore reducing unemployment rates and increasing economic growth. To understand and to analyze the growth of SMEs, as it is a complex and multidimensional phenomenon, many theories and models have attempted to interpret this phenomenon by identifying the internal and external variables, which affect it. To identify the characteristics of SME's growth as a human institution, we have studied the characteristics of the entrepreneur who represents its principal core, thus the growth of the enterprise and its continuity depends on him because it is the extension of his personality. For that, to explain the growth of SMEs process many factors that may affect this process such as personal characteristics of the entrepreneur, his human capital, and his motivations are taken into account in the growth strategy of these enterprises in addition to other determinants.

Key Words: SMEs, the entrepreneur, the growth, determinants of growth.

JEL Classification : L26, L25, L29.

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Introduction :

Many studies have been concerned with the explaining of SMEs growth phenomenon by studying the characteristics of the entrepreneur and their impact on these enterprises and their growth. As the overlap of ownership and management in this type of enterprises makes the influence of the entrepreneur (owner-manager) decisive on the success or failure of his enterprise. These studies focused on studying the total traits of the entrepreneur that differentiate him from others and affect his entrepreneurial behavior and strategic decisions, such as the need for achievement, the desire for power and tendency to take risks and other characteristics that are not available for other individuals, with a focus on the links between these characteristics and the growth of the enterprise. The results of these studies were varied with regard to the impact of the entrepreneur's traits and his role in the business growth. Some of them proved that there is a positive



relationship between the characteristics of the entrepreneur and the growth of the enterprise, and others denied the existence of such relationship.

Based on the above, we can ask the following main question: **“Do the personal characteristics of the entrepreneur affect the growth of SMEs?”**

To answer this question, we divided this study into the following points:

- The concept of entrepreneur and taxonomic approaches related to growth ;
- The relationship between entrepreneurs' characteristics and firm growth (Defining growth, determinants and models of growth, determinants of firm growth linked to the entrepreneur).

I. Concepts and definitions:

1- The concept of entrepreneur and taxonomic approaches related to growth

In this section, we discuss the evolution of the concept of the entrepreneur in various economic schools, and we also present the taxonomic approaches related to growth.

1-1- The concept of the entrepreneur:

The term of entrepreneur is derived from the French verb “entreprendre”, coined by the Economist J-B-Say, which means undertaker or adventurer. (i.e. the one who undertakes a new venture). Cantillon (1755) was the first economist who is believed to identify the role of entrepreneur, which was termed the French school of thought. Where he describes him as the individual who takes risks and uncertainty in the market, entrepreneurs buy at a certain price to sell again at an uncertain price, with the difference being their profit or loss. For Cantillon therefore, the entrepreneur’s role is to be aware of the level of demand and supply and no longer an innovator. He stressed the function not the personality. Following Cantillon, J.B.Say broadened the definition and encompassed the concept of combining factors of production. He formulated the definition this way: “the one who undertakes an enterprise, especially a contractor, acting as an intermediate between capital and labor”. In addition, state that the main function of entrepreneur is to combine the factors of production and organize this production.

Adam Smith, during the early eighteenth century, in his book: “The Wealth Nations”, introduced the British school of thought and equated the function of entrepreneur with that of capitalist. For him profit is only the return of invested capital. Alfred marshal was the first English author to take interest in the entrepreneur, although he does not make an explicit distinction between entrepreneurs and managers. According to him, the entrepreneur is an innovator, consequently, a certain qualities are necessary for the manager to detect opportunities to offer new goods to meet needs and improve the production process such as risk taking.

The German school of thought sought to answer the question: “how an entrepreneur should be compensated for his activity”. Thunen (1785) interested in the rewarding entrepreneurs. According to him, the entrepreneurial talent is a scare resource, and the profit is a special form of payment. For the risk run by the entrepreneur against which he cannot be safeguarded. (Wtterwulghé, 1998, p. 39)



Josef Schumpeter had a different approach and insisted on the role of innovation. According to him, the entrepreneur is the ultimate innovator and a source of new ideas; he earns his profit from successful innovations. Entrepreneur implements change within markets as a result carrying out new combinations. He detached the risk from the entrepreneur and attributed it to capitalist (Isaga, 2012, p. 31). Carl Menger (1840) stressed that the function of entrepreneur consist in obtaining information about economic situations, and it is according to his understanding and awareness about situations, which gives rise to economic changes (Neneh, 2011, p. 15). Menger saw entrepreneurs as bearers of foresight concerning the needs of the productive side of human activities. They must also make calculations in order to ensure efficiency of production process and be the supervisor of a production plan (Gilles Campagnolo, 2014/1 vol 15, p. 56). He made a differentiation between an entrepreneur and a manager; for him an entrepreneur was both a risk-taker and innovator.

The American school of thought saw its birth after the civil war. Walker (1799) expressed that riches creation was the entrepreneur's role, he distinguishes the capitalist from the entrepreneur, and stated that profit was the payment to the entrepreneur for his abilities and skills. Later, knight (1921) refined the idea of Cantillon and developed Thunen's thesis. He distinguished between the risk and uncertainty. Knight considers an entrepreneur as a calculated risk-taker and the recipient of pure profit as the reward for bearing the risks of uncertainty, and he defined uncertainty as a situation in which it is impossible to predict alternative outcomes. Knight also considers that uncertainty is a key element to defining an entrepreneur. He pointed out that some forms of risk can be mitigated by insurance (Hebert & Albert Link, 1989, p. 43).

Peter Drucker described the entrepreneur as: "an innovator who is willing to take a measured risk to start a new venture chasing greater than usual profit". According to him, innovation is the specific tool of entrepreneurs, the means by which they exploit change as a new opportunity for profit. He stated that the key of entrepreneurship is leadership; the successful entrepreneur must have excellent managerial skills and leadership, which are essential for his success. For Ludwig von Mises anyone who takes the risk of loss or any type of uncertainty could be called an entrepreneur. Consequently, the entrepreneur is above all a decision maker, a forecaster and a speculator. The author argues that the entrepreneurial process is always competitive and that an entrepreneur has nothing but his alertness (Isaga, 2012, p. 11). According to Shackle, whose theory concerns human choice behavior in general, the entrepreneur creates an opportunity that did not exist before, until imagined by the entrepreneur. For Casson's (1982) the entrepreneur is a specialist in making judgmental decisions. This relates to opportunity perception as well as to risk bearing.

For Zimmerer and Scarborough (2005), an entrepreneur is "seen as one who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities and assembling the necessary resources to capitalize on them" (Neneh, 2011, p. 12).



Having all the above in mind, we could say that there is no agreed definition of an entrepreneur. The entrepreneur has worn many faces and played many roles, therefore an entrepreneur is:

- The person who assumes the risk associated with uncertainty;
- An innovator;
- Foreseer, the entrepreneur is a vigilant opportunist;
- The entrepreneur is the founder and owner of a new business where there was none before;
- The entrepreneur is a maker decision, he is a manager, a leader, willing to take risks, usually for a profit his motives maybe not solely financial.

This reading of the numerous concepts that have been given to the entrepreneur, although different, they are integrated. It confirmed us that the concept of the entrepreneur developed over the years, and in spite of the diversity of proposals, it become unable to construct a model around the entrepreneur issue. The fundamental query is the possibility of distinguishing the entrepreneur from the non-entrepreneur, by means of understanding whether or not the entrepreneur has certain positive characteristics that distinguish it from the non-entrepreneur who does no longer these characteristics.

1-2- Taxonomic approaches of the entrepreneur related to growth:

The multiplicity of entrepreneur's concepts has led to the multiplicity of classifications presented by studies. Among these studies, we find those that have classified entrepreneurs based on their own motivations to create the business and growth.

Several types of entrepreneurs have been identified. For example, Smith (1976) focused on the relationship between the entrepreneur and his firms, with the aim of identifying the possibility that the type of firm owned reflected different types of entrepreneurs. He identified two types of entrepreneurs – **craftsman** (Artisan) and **opportunistic** entrepreneurs. Craftsmen entrepreneur come from a blue-collar background; had a relatively narrowed education and had a good record as successful worker and motivated by the desire for autonomy; use personal relationships in marketing; follow rigid strategies; restrict their sources of finance to personal savings and money from relatives or friends. Opportunistic entrepreneurs come from a middle class background; had a broader education, and sought many sources of finance. They are motivated by the desire for financial gain, which makes them continually seek new opportunities and thus develop more diverse competitive strategies. Wickham (1998) later developed and replaced the craftsman and opportunistic entrepreneurs, with a more definite **growth-oriented** and **independence- oriented** entrepreneurs. He considered growth-oriented entrepreneurs to be entrepreneurs who pursue opportunities to maximize the potentials of the businesses, and independence- oriented entrepreneurs to be entrepreneurs who prefer working for themselves (Neneh, 2011, p. 23).

Among these studies, we also find a study by Jaqueline Laufer that was conducted between 1950 and 1970, through which she analyzed 60 cases about the



creation of businesses, by linking the main driver for the creation and the entrepreneur's objectives, and she highlighted four types of entrepreneurs:

- **The manager or innovator:** he trained in higher schools, and held a brilliant career in top institutions. His primary motivations are the desire to create an enterprise, self-realization and power. His goals are mainly articulated in growth and innovation.
- **Growth-oriented owner-manager:** growth is one of his goals, but financial independence is also an important goal for him, and the search for a balance between financial independence and growth is one of his permanent preoccupations. His motivations to create a business are close to the ones of the previous type with a strong desire for power.
- **Growth-rejected manager seeking efficiency:** this entrepreneur clearly chooses independence and rejects growth that may prevent him from achieving this pivotal goal. His motivations depend on authority. We often find that the technical orientation of the entrepreneur and the business is concentrated.
- **Craftsman:** whose main motivation is the desire for independence, and whose main goal is the continuity of his business, so independence is more important to him than economic success.

Depending on the relationship between the personality of the entrepreneur and the business, (P.-A. Julien & M. Marchesnay, 1988) had distinguished between two types of entrepreneurs:

- **Entrepreneur PIC (Pérennité/ Continuity – Indépendance/Independence – Croissance/Growth):** his behavior is generally similar to those of craftsman. The growth and development of the business is subject to the conditions of continuity and independence (Fayolle, 2012, pp. 77-78). This translates into a tendency for material investments and wealth accumulation, in addition to the entrepreneur's refusal to borrow and the entry of new partners to preserve personal and family capital. The entrepreneur also rejects any expansion that may threaten the independence or the continuity of the business.
- **Entrepreneur CAP (Croissance/Growth, Autonomie/Autonomy, Pérennité/Continuity):** this entrepreneur looks for growth and rapid expansion's activities, he focuses on independence of decisions, he is ready to accept new shareholders, and he rejects hierarchies and seeks to externalize some functions. The entrepreneur CAP develops in a more complex and turbulent environment than the PIC entrepreneur for its high technical and commercial expertise (Messeghem & Sylvie Sammut, 2011, pp. 60-61). His personal characteristics include leadership, facing challenges, desire for self-realization and the search for safer frameworks and working conditions (Fayolle, 2012, p. 78).

J.-C. Ettinger has proposed a simpler classification depends on entrepreneurial motivations' analysis, such as the desire to create a business, authority and independence, it includes two types of entrepreneurs:

- **Independent entrepreneur:** he is similar to the craftsman and his main goal is independence;



- **The creator of the business:** includes all the types mentioned by laufer's classification and his main objective is to achieve authority. These two types of entrepreneurs, who are usually found in other approaches, contradict and differ in their behaviors regarding the concept of growth. The first type determines the growth of his business according to his own capabilities and resources, while The second type looks for business opportunities and growth, and contributes more in the economic development (Janssen, 2011, p. 65).

All these classifications are typical, but the entrepreneurial reality cannot be limited in a specific category. There is also no category that explains the sum of the variables that can distinguish between one entrepreneur and another. In addition, the entrepreneurial behaviour is affected by external variables, and the possibility of its development over time. For this, it is not possible to determine a permanent classification independent of the environment in which the entrepreneur develops. The goal of growth is an essential condition, but it is not sufficient for the growth of the business. This requires from the entrepreneur to take action, which needs an organizational structure and appropriate growth strategy with a stimulating environment.

2 -The relationship between entrepreneurs' characteristics and firm growth:

In this section, we will try to give the most important definitions of growth and we will present the models and determinants of businesses' growth.

2-1- Defining firm Growth:

Firm growth is a complex phenomenon by nature, the term 'firm growth' is often used without distinguishing between expansion in terms of rate or size, and development involving internal reorganization. expansion in terms of rate or size is considered as the change in amount when a firm grows from smaller to larger size, development involving internal reorganization refers to growth as a process of organizational change, which might lead to this change in amount and a range of other changes as well (Diambeidou, 2008, p. 35).

Growth is an organizational outcome resulting from the combination of firm-specific resources, capabilities and routines. A firm's growth opportunities are highly related to its current organizational production activities. Path-dependency is thus an important theme of firm growth. Firm growth is also uncertain: environmental conditions such as competition and market dynamics play their roles (Zhou & Gerrit de Wit , 2009, p. 4).

Reviewing the literature, it is possible to highlight the most popular factors used in previous research to measure firm's growth. The most popular factors used in literature are employment and sales. Employment can serve as an indicator of the entrepreneur's success and, for society as a whole, it represents a measure of the firm's economic contribution to the common good. That is why this criterion has been used by many economists and sociologists. Furthermore, according to Child (1973), employment is an appropriate criterion for measuring the size of an organization, as it is primarily human beings that are "organized". Finally, since managers generally wait for demand to stabilize before recruiting personnel,



employment is, in theory, a less volatile measure of growth than sales (Janssen, The impact of environment on employment , p. 2).

Researchers often neglected different growth modes a firm can take, as emphasized by Delmar et al., (2003). Some illustrative examples are: organic growth vs. growth by acquisition, or strategic alliance; growth in terms of vertical integration, related or unrelated diversification, or achieved through others modes like licensing, alliances or joint ventures. Penrose (1959) emphasizes that organic growth should be more related to small firms and new venture whereas growth by acquisition is a phenomenon more exhibited by older, larger firms and mature industries. However, few empirical studies supporting this phenomenon exist (Diambeidou, 2008, p. 35).

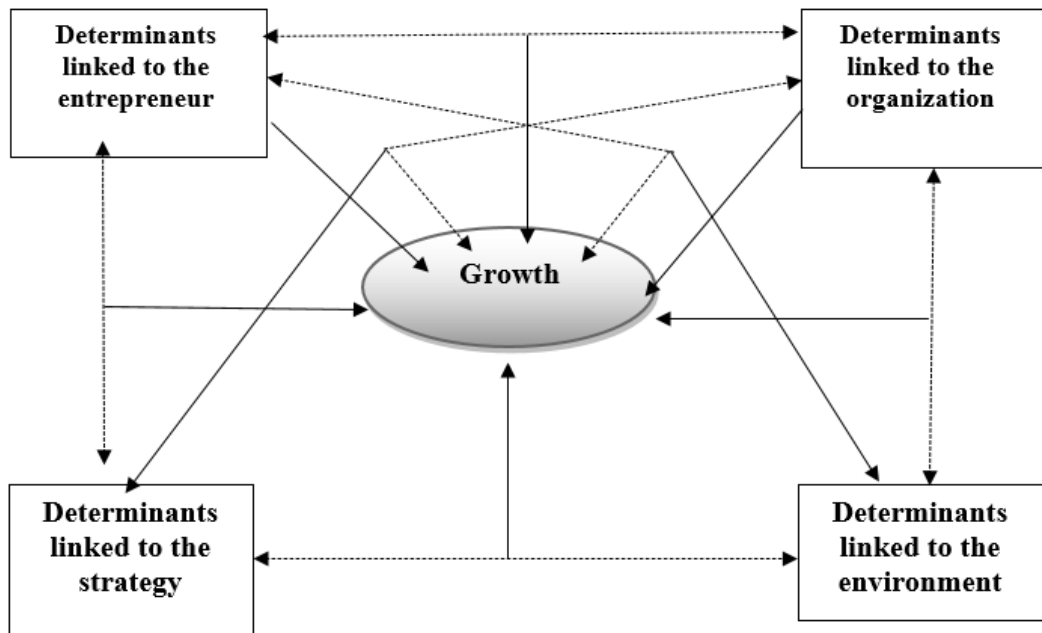
2-2- Models and Determinants of Growth:

a- Models of Growth: Two concurrent theoretical approaches designed to explain the causes of performance and growth have been developed in the field of management sciences. The first approach, which we can call the “*external*” model, studies the influence of environment on organizations. According to this movement, the performance of a company should tend towards that of the industry as a whole under the effect of competition. The second perspective, in other words the “*internal*” model, is chiefly concerned with studying the internal characteristics of a company and the way in which an organization adapts to its environment and attempts to shape it. The initial source of this internal approach is to be found in the industrial organization movement, also known as the “*behaviorist*” approach and, ultimately, leads on into strategic management. The resource-based theory (Barney, 1986; Wernerfelt, 1984) is consistent with the internal approach movement. According to Lohmann (1998), studies that are concerned with the impact of entrepreneurs’ own characteristics should come under this theoretical movement. Similarly, it is possible to say that economic models of human capital and entrepreneurial learning may be regarded as an “*internal*” type of approach (Janssen, The impact of environment on employment , pp. 2-3).

However, considering that growth is a complex and multidimensional phenomenon that cannot be relied upon on a single model to explain it, for this reason some researchers have developed other theoretical model that combine external variables and internal variables and collected in what is called the integrative model. Which studies the following dimensions: entrepreneurs’ characteristics, organization characteristics, strategy (i.e decisions of entrepreneur), the environment characteristics and the interactions between these variables as seen in (fig1).



(Fig1): The integrative model



Source: Frank Janssen, *entreprendre une introduction à l'entrepreneuriat*, 1^{ère} édition, 2^{ème} tirage, Deboek, Belgique, 2014, p. 188

b- Determinants of Growth: we will try here to present the determinants of businesses' growth as stated in the F. Janssen's model, which are considered the most important in the economic literature on growth.

b1- Determinants of growth associated with the business: The characteristics of the business represented in size, age, organizational structure, governance practices and independence affect the growth process. Size is considered one of the most important criteria used by researchers, due to its importance in determining the most appropriate national economic policies. Most of research finds that there is a negative relationship between the size of the organization and its growth. The age of the business also negatively affects its growth, as the newly established businesses are more likely to grow than the old ones. On the other hand, if the enterprise has a bureaucratic structure, then it will suffer from a weakness in flexibility to be more negative in the face of opportunities and threats. Bureaucracy is associated with large size, which explains the negative relationship between size, age and growth. We can also distinguish between an independent business and non-independent one. The enterprise is considered independent if another institution does not own the majority of its capital. Theoretically, a non-independent enterprise can benefit faster from resources which enabling it to grow. Independent enterprises are more flexible than the previous one, so the relationship between independence and growth can play a role in both cases. Finally, if the financial



resources of the enterprise are large during the establishment, this raises the possibility of its success and growth.

b2-Determinants of growth associated with strategy and planning: The process of growth is not random; it is a result of decisions especially strategic ones. Some strategies are more appropriate than others to stimulate the process of growth. Many fast-growing businesses pursue the strategy of specialization in terms of selecting or expanding markets. These businesses are usually innovative, they operate in specialized markets, and their leading positioning enables them to grow away from competition under the limited growth of demand. For small businesses looking for growth, their focus on a limited set of products or services and their exploitation of market gaps abandoned by large enterprises will enable them to achieve their goal. For large and medium enterprises, diversification is the best means to achieve growth but if diversification is related to the activities of the enterprise, otherwise it will hinder the growth process. Geographical diversification may have a clear impact on the growth process. At the level of market positioning, the enterprise that has an entrepreneurial orientation grows faster, and this orientation is measured by innovation and risk. An organization with a strong entrepreneurial orientation reveals market opportunities before its competitors, and therefore it benefits from the competitive advantages associated with good knowledge of market, creating barriers to market entry or to its reputation, and strengthening the loyalty of its customers. Partnership, resorting to external consultants, and establishing networks of relations also play a major role in stimulating growth and minimizing disadvantages associated with size (Janssen, *entreprendre une introduction à l'entrepreneuriat*, 2014, pp. 190-191). For the impact of strategic planning on growth, we can assume that there is a positive relationship between a less formal planning system and the growth of the organization. Planning enables the organization to reveal growth opportunities. Unlike the organization, that uses more formal planning and control systems, which are usually conservative and less risky, as its decision-making process delays response to new market opportunities. However, the effect of planning on growth remains uncertain.

b3-Determinants related to the environment: The characteristics of the environment can explain the differences in growth among organizations, as the environment reflects the sum of the external determinants. The dimensions of the environment can be divided into three basic groups: hostility (generosity), complexity (simplicity), and dynamism (calmness). The environment is considered generous when it stimulates continued growth. Weak competition, market concentration, strong barriers to market entry, great customer loyalty, big profit margins, and a continued increase in demand; all are environment characteristics that stimulate continued growth. Unlike the hostile environment in which competition is intense, relations with unions and the state are complicated, scarcity of resources, administrative complexities, and strict social and tax legislation and policies; all this leads to intense competition in a price war, weak customer loyalty, and consequently limited profit margins, which discourages and impedes the



growth of the organization. The environment is considered stable or dynamic depending on the degree of instability in the market and unexpected factors such as governmental instability, a change in demand or competition or technological development, leading to a rapid change in the market data. These factors represent a source of uncertainty that complicates the process of information processing by entrepreneurs, but they are considered an opportunity for growth for the enterprises operating in the market. The degree of instability in the market may constitute opportunities for new entrants who can develop and grow at the expense of the existing enterprises. Therefore, the impact of such an environment on the growth of the business remains uncertain as well. The simple or complex environment depends on the need of the business for collecting the largest amount of information or data about customers and products. If the business could rationalize this information and divide it into easy-to-understand sub-components, here the environment can be considered simple. Complexity also results from the heterogeneity of the assortment of enterprises' activities that slows down the decision-making process, which in turn hinders the growth of the enterprise (Janssen, *La croissance de l'entreprises: une obligation pour les PME?*, 2011, pp. 111-113).

2-2- Determinants of firm growth linked to the entrepreneur : The growth of a firm is to a certain extent a matter of decisions made by an individual entrepreneur. In order to summarize the growth determinants relative to the characteristics of the manager, we classify these determinants into four dimensions namely, the psychological characteristics of the manager, his expertise and family background, his motivations, his demographic characteristics. These determinants are detailed in the following sub-sections.

a- Psychological characteristics /Personality traits: Personality characteristics of entrepreneurs are their psychological disposition, which demonstrate a stable and inherent strength of how they manage their business. Research on the link between the psychological characteristics of the entrepreneur and the growth of his firm finds its source in studies on "traits", which aim to differentiate entrepreneurs from non –entrepreneurs. Personality theories point to the importance of personal predispositions for venture success (McClelland 1961) and venture capitalists have reported that entrepreneur characteristics are extremely important for venture success (Baum & all, 2001, p. 292). The personality traits that have been mostly related to entrepreneurs and business success include need for achievement, locus of control, risk-taking, innovativeness.

a1- Need for achievement: One of the most widely discussed traits, which was propounded by McClelland (1961). The need for achievement is a desire to do well for the sake of an inner feeling of personal accomplishment. According to his theory, individuals with a high need for achievement are those who want to solve problems themselves, set targets, and strive to meet these targets through their own efforts. A high need for achievement leads to prefer challenging tasks of moderate difficulty rather than routine or very difficult tasks, to take personnel responsibility for one's performance, to seek feedback on performance, and to look for new and



better ways to improve one's performance (Rauch & Michael Frese, p. 8). To this day, it has not been proven that a causal link exists between a significant need for achievement and the act of managing and owning a firm. With regard to growth, Murray et al. (1995) have observed that managers of growing firms have a need for achievement that is more similar to that of large firms' managers than to new venture creators (Janssen, Determinants of SMEs employmentgrowth relating to the characteristics of the manager , p. 4)

a2- Internal locus of control: a concept from Rotter's (1966) social learning theory, was tested with regard to characteristics of entrepreneurs. Individuals believe that the outcomes of events are either within (internal) or beyond (external) their personal control. An individual with a belief in internal locus of control perceives that the outcome of an event is contingent on his own behavior or his own relatively permanent characteristics. This makes such an individual believe that he can manipulate the environment by his actions and that he is responsible for his own destiny (Kobia & Damary, p. 114). An internal locus of control should lead to higher entrepreneurial performance because entrepreneurship requires to be self-motivated and not to wait for others to tell what one should do (Frese, 2009, p. 467). Several researchers have provided evidence to support the contention that entrepreneurs have a higher internal locus of control than managers. In contrast, Brockhaus (1982) and Nair and Pandey (2006) found no such relationship and concluded that a dominant internal locus of control is not a prerequisite for entrepreneurship (Isaga, 2012, p. 38). Empirical work targeting the validation of this theory has however only established a weak positive correlation between this feature and the entrepreneur or has led to the conclusion of an absence of relationship between these variables. However, Miller and Toulouse (1986) observe a positive relationship between this trait and the performance of the firm, which nevertheless varies in function of environmental variables. Kalleberg and Leicht (1991) on the other hand establish an absence of link between growth and the fact that the entrepreneur has an internal locus of control. (Janssen, Determinants of SMEs employmentgrowth relating to the characteristics of the manager , p. 4)

a3- Risk taking: is one of the classical concepts that has been related to entrepreneurship and has received a considerable amount of empirical attention (Rauch & Michael , Meta-analysis as a tool for developing entrepreneurship research and theory , p. 35). This is an aspect of personality that measures people's willingness to engage in risky activities. The theory was developed within classic economic theory and which suggests that entrepreneurs are risk-takers. By the very nature of their activities and roles in economy and society, it is clear that entrepreneurs cannot be averse to risk (Kirby, 2005, p. 4). That is, people higher in risk-taking propensity are more likely to exploit entrepreneurial opportunity because risk bearing is a fundamental part of entrepreneurship. That is, enterprising individuals seek to realize productive opportunities and consequently function in uncertain environments. In addition, a meta-analytic review by Stewart and Roth (2001) showed that the risk-taking propensity of entrepreneurs was greater than



that of managers, and that owner-operators primarily concerned with venture growth had higher risk-taking propensities than those whose principal focus was on family income. (Kobia & Damary, p. 115). On the contrary, Miner and Raju (2004); Xu and Reuf (2004) have shown doubt on the degree to which the risk-taking propensity is being seen as an entrepreneurial characteristic. They proposed that entrepreneurs are no longer risk tolerant, but in some instances, are even more *risk avoidant*, than other managers and permanent employed persons (Neneh, 2011, pp. 31-33). Concerning growth, Siegel et al. (1993) observe an absence of relationship between the latter and the willingness to take risks.

b- Demographic determinant: Aside from the traits, researchers have studied different incubating factors in an individual's entrepreneurial behaviour, and a numerous amount of research has been carried out to investigate the relationship between demographic traits and the growth of SMEs. Much of this research has used human capital theory as a framework. In this manner, researchers have employed a massive range of variables such as education, experience, family background and others. These factors have been chosen because various researchers had found a substantial relationship between these factors and the growth of SMEs.

b1- Age: Several studies mentioned that the age of the owner/manager plays a significant role in growth. Storey (1994) suggests several theories for the relationship of age and business growth. The two controversial ones are that, business growth and the age of owner at business entry has (i) positive or (ii) negative correlation. The first approach is based on the idea that the older business owner is more experienced he becomes and hence, the firm has more chances to grow. The second view is that the younger business owner is more active and energetic he which is good for business growth. In addition to that, younger entrepreneurs are believed to have more passion and motivation to grow their businesses as they have larger career aspirations (Mehraliyev, 2014, p. 3). Hambrick and Mason (1984), supposed that the age of older entrepreneur exert a negative impact on the performance of the firm for three reasons, firstly, an older manager is in principle may have less physical and mental stamina or may be less able to adopt innovative behaviour or to adhere to a new ideas. Secondly, such a manager have greater psychological commitment to a certain organizational status quo. Thirdly, objectives related to financial and career security are more important and any risky actions that might disrupt these generally avoided. A younger manager would, on the other hand, be more inclined to take risks (C.Hambrick & A.Masson, 1984). Many studies observe also a negative impact of managerial age or the average age of the management team on growth. However Janssen (2006), does not observe a significant link (Janssen, Les facteurs influençant la croissance de la croissance de l'emploi des PME Wllones , p. 9).

b2- Gender: Mazzarol et al. (1999) found that female were generally less likely to be founders of new business than male. Similarly, Kolvereid (1996) found that males had significantly higher entrepreneurial intentions than females (Indarti & Langenberg , p. 3). It represent the traditional view of gender differences between



entrepreneurs was that due to several reasons female entrepreneurs are less successful. Some of the reasons to have this assumption lie behind the idea that women has less time for working because of their commitments to their children and family (Mehraliyev, 2014, p. 4). For example, women who start a self-employment career would be at a disadvantage in comparison to men, due to the existence of barriers linked to education, family pressure and work environment. Moreover, a woman whose behaviour deviates from socially accepted behavioural standards according to the gender of an individual is exposed to social disapproval, whereas nonconformist or innovative behaviour is tolerated and even encouraged for men. A study carried out by Dahlqvist et al. (1999) on newly created firms in Sweden observes a negative link between the fact that the entrepreneur is female and growth. Other studies, on the other hand, do not observe a significant link between the gender of the manager and growth (Janssen, Determinants of SMEs employmentgrowth relating to the characteristics of the manager , p. 10). However, many studies (e.g. Orser et al., 2000; Johnsen, & McMahon, 2005) suggest that gender is not a significant variable for business growth. Likewise, a comparison of the survival and performances of firms managed by men or women concluded on an almost general absence of differences (Mehraliyev, 2014, p. 4).

b3- Education: Education is one of the key components of human capital (Becker, 1993). This component is the source of knowledge, skills, discipline, motivation and self-confidence. Building upon the human capital theory, much research has been done to examine the effect of education on the performance of SMEs. The assumption lies in the notion that individuals with a higher level of education are capable to manage their firms more effectively than individuals with a lower level of education. First of all due to the fact education contributes closer to developing managerial skills, to better deal with issues and seize the opportunities associated with the growth of the enterprise. Empirically, the impact of education has been extensively studied with mixed results. Due to the mixed results, the relationship between education and the growth of SMEs is still an unsettled issue (i.e. positive, neutral or negative). For instance, some research show a positive relationship between education and the growth of SMEs (Cooper et al., 1992; Yusuf, 1997; Watson, Stewart, & BarNir, 2003; Barringer et al., 2005; Kim, Aldrich, & Keister, 2006), while other studies show a negative relationship between the two (Pickles & O'Farrell, 1987; Stuart & Abetti, 1990; Johnson, Conway, & Kattuman, 1999; Bartlett & Bukvi-ì, 2001). Subsequently, other research have observed that education does not matter in explaining the growth of SMEs (Alvarez & Crespi, 2003; Silva & Santos, 2012; Blackburn, Hart, & Wainwright, 2013). By the look of things, it can be argued that whether or not education is significant depends on the type of education entrepreneurs enjoyed as well as the type of industry the business belongs to (Isaga, Owner-managers' Demographic characteristics and the growth of Tanzanian Small and Medium Enterprises, 2015, p. 169). Dimov and Shepherd (2005) reveal that specific types of education are much better predictors of the specific types of business and their performance. In addition, education may have different influences depending on how performance is defined or measured. Tan



and Tay (1995) and Jo and Lee (1996), for example, found education to be positively correlated with profitability but not with sales growth. Furthermore, Jansen (2009) found education to be significantly related to employment but not to sales growth (Isaga, Entrepreneurship and the growth of SMEs in the furniture industry in Tanzania, 2012, pp. 30-31). St Mathieu (2003) also indicated that managers who received technical training tend to be at the top of the organizations with the highest rates of growth and innovation. Their knowledge of the field of activity allows them to understand the needs and challenges of the institution and to identify the difficulties of the sector and manage the associated risks.

c- Experience: Like education, prior experience is also one of the most frequently examined components of human capital. Through experience people gather information and develop skills that are useful across different occupations. According to Gasse (1982), the impact of an entrepreneur's experience can be positive or negative. Experience can assist the entrepreneur to avoid or to more easily solve previously encountered problems. It could, however, additionally inhibit their creativity and degree of adaptability by pushing them to cling to solutions that have been tried and tested in the past. A conservative management style, which is restrained to products and managerial approaches that have already been proven, inhibits growth (Janssen, La croissance de l'entreprises: une obligation pour les PME?, 2011, p. 94). To date, various dimensions of prior experience have been found in the literature. But the most frequently mentioned types of experience are entrepreneurial experience, management experience and industrial experience. These three types of experience are considered important in determining the growth of SMEs. *Entrepreneurial experience* refers to the number of previous new ventures and the role played by entrepreneurs in these ventures. *Industrial experience* refers to the experience in the industry to which the current firm belongs. *Management experience* refers to the experience in management regardless of the industry (Kibassa, 2012, p. 159). For instance, with regard to *industrial experience*, researchers point out that people who enter an area with which they are well acquainted have a better chance of being successful in their business (Basu and Goswami 1999; Dobbs and Hamilton 2007). Such experience contributes towards building up the entrepreneur's knowledge base, developing access to market information and business networks, and enhancing managerial capability (Basu and Goswami 1999; Dobbs and Hamilton 2007). Researchers showed that entrepreneurs with more *management experience* tend to form ventures that have greater employment and sales growth than founders with less management experience. For example, Duchesneau and Gartner (1990) showed that the founders of failed ventures had less management experience than the founders of successful firms. Similarly, Lee and Tsang (2001) showed that management experience influences sales growth. Bigsten and Gebreeyesus (2007) found that the management experience of founders had a positive effect on employment growth. These entrepreneurs are able to manage their firms better because previous experience from managing a business provides training in many of the skills needed for recognizing and acting on entrepreneurial opportunities,



including negotiation, decision making styles, ways to serve markets, and methods for dealing with customers and employees (Isaga, 2012, pp. 31-33). Prior experience in starting a new venture has also been linked to business performance. Research find positive influence, other studies, on the other hand, does not observe any significant impact of previous experience in venture creation. These studies also find that the number of years of professional experience is not decisive for growth. In the same line of thought, there would be no link between preceding self-employment experience and growth (Kalleberg and Leicht, 1991). The relationship between the number of firms owned and/or managed by the manager and growth has also given rise to some studies. According to Storey (1994), numerous owner managers own more than one firm. In fact, multicreation constitutes a particular means of growth. Finally, experience give to entrepreneur knowledge and capabilities that can help in developing more successful strategies leading to more growth rates.

d- Family background: Davidsson(1995) established that successful entrepreneurs are most likely to come from families in which either a parent or a relative owns a business. According to blackman (2004) owner-managers whose fathers were self-employed were more likely to survive in business than non-self-employed own managers fathers (Neneh, 2011, p. 44). Various reasons have been provided as to why the children of entrepreneurs are more likely to be self-employed. These factors are generally drawn from exposure and closure mechanisms (Sørensen, 2007). The exposure mechanisms focus on how the parent's social position, exposes children to experiences and expectations that have a lasting impact on their career choices. Self-employed parents may serve as role models for their children. This role modeling may not only lead the children to value self-employment more highly than other forms of employment but may also encourage entrepreneurial behavior. A second line of argument emphasizes social closure mechanisms and suggests that children of entrepreneurs may be more likely to succeed in entering self-employment by taking advantage of privileged access to their parents' financial and social capital. It is clear explanation of how family background is influential for creating entrepreneurs. If the children of entrepreneurs have greater entrepreneurial abilities than children whose parents are not self-employed, then it is obvious that the children of entrepreneurs will perform better than other children and this is the explanation we looking for (Cooper et al., 1994). For these reasons, it is obvious that coming from an entrepreneurial family, it is likely for starting and subsequently succeed with ventures (Kibassa, 2012, p. 160). On the reverse side, the family could impede growth so as not to lose control of the firm or to avoid taking overly high risks (Gibb and Davies, 1990).

e- Motivations: The psychological contrast of motivation has an important role to play in entrepreneurship research. This contrast is concerned with the factors motivate individuals to start and sustain business activities. These motivations are generally divided into "pull" factors and "push factors". "Pull" type motivations are intrinsic factors, those which attract people to start business activities and that the manager can controls. Whereas "Push" type motivations are extrinsic factors,



which compel individuals to opt for self-employment and that the manager has little influence. A review of this literature found that push motivations refer to negative experiences, such as employment related situations such as unemployment, underpayment, job dissatisfaction. Pull motivations are positive factors that include need for achievement, the desire for independence, financial improvement, higher social status, and greater personal control. However, it is important to note that push and pull motivations may work together to motivate individuals to start a business (Bellanca & Colot , 2014, p. 64). Based on the underlying logic that different factors can motivate different people to start businesses, other research projects extended the idea and tried to understand the effect of motives on growth aspiration and actual business outcomes. A number of sources have been studied in this regard. For example, Kolvereid (1992) investigated the relationship between entrepreneur's start-up motives, characteristics of the firm and growth aspirations among entrepreneurs. The authors' findings reveal that need for achievement is strongly associated with revenues and employment growth, while desire for comfort and safety were strongly associated with revenue growth aspirations. Likewise, Wiklund, Davidsson and Delmar (2003) examined the relationship between growth ambitions and expected consequences, and found that personal income, a desire for independence and the wish to have more control of their time were strongly associated with growth willingness. (Isaga, 2012, p. 50). On the different hand, growth would not be influenced by means of pecuniary motivations (Davidsson, 1989). Julien (2000) though observes that the targets of earnings and of assembly a venture promote more advantageous rowth. More fundamentally, a motivation for growth on the phase of the manager appears to stimulate the real growth of the firm (Janssen, Determinants of SMEs employmentgrowth relating to the characteristics of the manager, p. 9). It can be noted that a numerous of previous studies have associated start-up motives with business growth, and many of these studies suggest that pull factors are more important than push factors in explaining business growth (Storey 1994; Basu and Goswami 1999; Littunen and Virtanen 2006). The principal reason for this observation is that individuals who are positively attracted to begin businesses generally have a higher level of consideration, planning and intention in relation to building up their businesses. On the other hand, people who enter businesses stimulated by push factors usually have low aspirations for business growth. Most of these individuals are much less well equipped to manage or less keen on their businesses and these factors make them perform poorly (Basu and Goswami 1999) (Isaga, Entrepreneurship and the growthof SMEs in the furniture industry in Tanzania , 2012, p. 50).



Conclusion :

Many studies have worked on studying the relationship between the characteristics of the entrepreneur and the business, and many variables have been used to explain the impact of these characteristics on the business life and growth. Despite the variation of the results on the impact of the entrepreneur's traits of psychological, demographic and behavioral variables on growth, it is not possible to deny the crucial role that the entrepreneur plays in the success or failure of SMEs. In small or newly established businesses, we find that there is a great overlap between the business and its manager, especially if the ownership and management belong to the latter. But considering that growth is a complex and multidimensional process, it cannot be linked to only one set of variables. In order to explain this phenomenon and to give a clear and complete picture of the process, it is necessary to take into account the impact of many variables, whether those are related to the entrepreneur, the enterprise, or the environment, and the sum of the interactions between all these variables.

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