

Chapter 6

The Effect of Entrepreneurship on the Achievement of Business Performance: Approach Through the Psychological Traits of the Entrepreneurs – Case Study

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ABSTRACT

Entrepreneurship is vital to economic growth, innovation, competitiveness, and poverty reduction. This chapter examines the degree of entrepreneurial orientation (EO) of 101 Algerian manufacturing SMEs and the consequences of EO dimensions such as innovation, proactivity, and risk-taking on business performance. Data were collected throughout a survey with a specifically designed questionnaire, and quantitative techniques were applied for their analysis. The results showed that Algerian SMEs have an average low entrepreneurial orientation. The authors concluded that there are some statically significant relationships between two dimensions of entrepreneurial orientation (proactivity and risk-taking) and SME performance. Thus, the Algerian entrepreneur is characterized by two specific

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psychological traits: the need for achievement and entrepreneurial self-efficacy. These results could help entrepreneurs plan their activities towards developing the entrepreneurial spirit of Algerian SMEs.

1. INTRODUCTION

The phenomenon of entrepreneurship is in vogue. All the world's countries have become aware of its importance in reducing unemployment, accelerating production rates, promoting productivity and creating economic and social value. For many authors, entrepreneurship is limited to business creation Shane (2008). In contrast, this activity goes beyond creation alone to include creating new tasks, activities, and processes by existing companies or, more broadly, exploiting new market opportunities (Jarillo & Stevenson, 1990; Shane & Venkataraman, 2000). Thus, this notion is the core of organizational entrepreneurship (Corporate Entrepreneurship). Corporate entrepreneurship is defined as entrepreneurship in an existing business. The literature has used a variety of names for this concept, for example, corporate venturing (Biggadike, 1979), entrepreneurship (Zahra, 1991), intrapreneur (Pinchot, 1985), internal corporate entrepreneurship (Burgelman, 1985), internal entrepreneurship (Schollhammer; Vesper, 1984), strategic renewal (Guth, Ginsberg, 1990; Stopford & Baden-Fuller, 1994), strategic change, strategic revival, transformation venturing (Hornsby, Kuratko and Zahra, 2002), which is the subject of a reference to the Entrepreneurial Orientation of existing companies (Fayolle & Cherchem, 2010).

The notion of Entrepreneurial Orientation (EO) is relatively recent; it has been in constant use over the past few years. It is conceived as a multidimensional construct that can be broken down into three main variables: proactivity, innovation and risk-taking (Covin & Slevin, 1989) and this concept has been developed and widely used to measure an organization's entrepreneurial intensity.

Entrepreneurship is widely valued since the entrepreneur "creates wealth, jobs..., is a real gift that society must hasten to recognize, value and set an example" (Fortin, 2004). So, the entrepreneur is of decisive importance to the success of his/her business, and it seems necessary to discuss the literature related to this crucial character of business. Literature on this topic has two main approaches. One part of it, known as "deterministic", focuses on the entrepreneur's traits, while the other, known as "behavioural", describes the entrepreneurial process as a result of his/her activity. In this paper, we concentrate on the elements of the first perspective because many researchers present the relationship or interaction between the personality of the entrepreneur and the Entrepreneurial Orientation. Behaviourists present the "deterministic" approach as a psychological vision that focuses on the individual's

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