

The Effects of The Characteristics of Entrepreneurs on the Creation Process of SMEs

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Abstract: The theme of this review is to elucidate how entrepreneurial traits affect the start-up process of small and medium-sized enterprises (SMEs), which aims to learn more about the relationship between entrepreneurial characteristics and the early stages of SMEs. While most of the previous literature has focused on the mode of operation of the company, there is very little literature on the early stages of entrepreneurship in SMEs which play a vital role in the world economy. It is hoped that this review will help to provide deep insights to those who wish to start their own business. By identifying gaps in existing research and focusing on how entrepreneurial characteristics affect the start-up stage of SMEs creation, the review provides direction for future research and ideas for entrepreneurs and venture capitalists. The review finds that different types of entrepreneurs influence the future direction of an enterprise, and that entrepreneurial personality qualities and business development are positively linked. The extroversion of entrepreneurs in the Big Five personality theory makes entrepreneurs more willing to interact and collaborate with others, thus influencing the performance and growth of the start-up.

Keywords: Entrepreneurship, Entrepreneurial traits, SMEs.

1. Introduction

EU recommendation (2003) defines the small and medium-sized enterprises as “the business with fewer than 250 employees, and a turnover of less than €50 million, or a balance sheet total of less than €43 million”. With society's tremendous evolution in recent decades, the improvements in living standards have been supported by economic growth. The increasing number of small and medium-sized firms that have been developed as a result of the widespread usage and implementation of entrepreneurship is responsible for most of this increase [1]. The study of Yusuf et al. [2] agreed that SMEs play a critical role in the national economy and are the basis on which large enterprises are built.

According to the Business Population Estimates conducted by the UK Government Department for Business, Energy & Industrial Strategy, SMEs account for 99.9 percent of the private sector in the UK, with small enterprises accounting for 99.2 per cent of the private sector [3]. In addition, SMEs provide 61% of the job positions (16.4 million, same as three-fifths of the total) and over half of the turnover of the UK private sector about £2.3 trillion, 52 percent of the total [3]. A study conducted by Donnelly & Simmons [4] showed that job satisfaction and teamwork levels in large companies are lower than those in small businesses for the same type of company. There is mounting evidence that job satisfaction significantly impacts employee performance [4]. Among the SMEs, some are successful, but others have to declare bankruptcy for various reasons. Whether a business is running smoothly or not, there is no doubt that the entrepreneur is a significant and indispensable factor in the early stages of a business. Human capital, defined as people, their performance, and their potential in the organization, was found to be critical in entrepreneurship in a prior analysis [5]. Personality traits, especially entrepreneurial personality traits, play an essential role in the creation process of SMEs. This review focuses on the impact of entrepreneurial characteristics on the start-up process of SMEs and analyze the Big Five Personality

(extraversion, agreeableness, openness, conscientiousness and neuroticism) through the analysis of past cases around the world. The review aims to get insight into the relationship of entrepreneurial characteristics and the creation process of SMEs and to explore what kinds of entrepreneurs are more likely to be competent managers that are most likely to bring enterprises to a high place.

In the past, the majority of emphasis was focused on a business's operating model and how to run small and medium-sized enterprise, but little attention was paid to the entrepreneurial personality's impact on business performance and success. Unlike large firms, it is very difficult for SMEs to survive in the start-up stage, unlike large firms which have sufficient financial chains and resources to support them. Also, large enterprises have enough capital and resources to drive them. At the same time, SMEs may confront various challenges and setbacks without the support of either finance or human resources. Hence, an entrepreneur with good resilience becomes vital during this period.

Many young people want to start their own business and are confused about the future and how to become a promising entrepreneur. Thus, this topic can help them in some respects, and it is relatively contributing to society. Digman [6] found that the five personality traits influence career choice and job performance. At the same time, Munoz-Bullon et al. [7] argues that initiative, risk-taking and innovation are essential determinants of entry into foreign markets for nascent entrepreneurs. Therefore, it is interesting to explore the impact of entrepreneurial characteristics on the creation process of nascent SMEs. This review will discuss and identify gaps and shortcomings in the existing literature and how entrepreneurial traits and temperament affect the creation process of SMEs.

2. The Creation and Startup of An Enterprise

2.1. The new firm creation process

In Low and MacMillan's research [8], they defined "entrepreneurship" as the "creation of new enterprise" and give a definition of a start-up business "A start-up business is an entity that identifies an entrepreneurial opportunity in the exploration of future market developments and assembles the resources needed to turn that opportunity into profit". Generally speaking, the business life cycle is divided into four main stages: start-up, growth, maturity, and decline. Start-ups are young businesses founded to create a one-of-a-kind product or service, bringing it to market and making it compelling and irreplaceable to customers. Start-ups are based on innovation to fill in the gaps in existing products or create whole new categories of goods and services [9]. This review focuses on the creation process of SMEs. The term 'creation process' refers to the start-up stage, the first stage of a business before it reaches maturity.

2.2. The key elements of new firm creation

Entrepreneurship is important for the emergence and growth of firms within a country [10]. Gnyawali & Fogel [10] constructs a framework consisting of five dimensions of the entrepreneurial environment and relates these dimensions to the core elements of the new entrepreneurial process. This review focuses on the dimensions and elements related to entrepreneurial characteristics, which are entrepreneurial opportunities, entrepreneurial skills and entrepreneurial intention (propensity).

Entrepreneurial Opportunity

Kirzner [11] introduced the concept of entrepreneurship as entrepreneurial alertness. It is proposed that identifying opportunities is the central issue in entrepreneurship. Entrepreneurial opportunity is the feasibility of an identifiable consumer need to satisfy the requested product or service. Entrepreneurs take advantage of economic fluctuations to identify and exploit opportunities by relying on their knowledge of things and their ability to recognize them in a way that others do not. In entrepreneurship, specific criteria need to be met to move from an idea to an opportunity, so entrepreneurs with high entrepreneurial alertness are keen to sense consumer needs and desires and conduct research to determine whether their idea can become a successful new venture. According to Peter F. Drucker [12], an entrepreneur is always looking for a change, responding to it, and seeing it as an opportunity.

Entrepreneurial Intention

Entrepreneurial intention (EI) is defined as "the conscious state of mind that precedes action and directs attention toward entrepreneurial behaviors such as starting a new business and becoming an entrepreneur" [13]. To achieve entrepreneurial success, entrepreneurs must have a strong entrepreneurial sense of self-actualization and the pursuit of success. Entrepreneurship is full of hardships and twists and turns, which requires entrepreneurs to have good entrepreneurial psychological qualities. It is closely related to the entrepreneur's inherent temperament and character, mainly reflected in the entrepreneur's independence, daring, resilience, restraint, adaptability and cooperation, reflecting the entrepreneur's will and emotions. The success of entrepreneurship depends mainly on the entrepreneurial psychological qualities of the entrepreneur. According to the

survey results in Turker [14], education is one factor that influences the willingness to start a business, mainly indicating the support of a supportive university environment. The second factor is structural support. Fostering entrepreneurship requires more comprehensive support, including the cooperation of all sectors of society. Culturally universal attitudes and perceived behavioral control (self-efficacy) affect entrepreneurial career intentions and culturally differential effects of subjective norms [13].

Entrepreneurial Skills

Entrepreneurial skills are the skills and competencies to create and manage new ventures. Muhammad & Kassim [15] state that entrepreneurial skills are inherently different from other leadership and management skills. The seven core entrepreneurship skills are career planning skills, self-learning skills, data and information processing skills, communication skills, problem-solving skills, innovation skills, and team building and management skills [16]. For example, business management skills refer to the ability to manage people and money. It involves the selection, use, combination and optimization of personnel; it also consists of the gathering, accounting, allocation, use and flow of funds. Communication competence refers to the ability to deal appropriately with the public (government departments, the press, customers, etc.) and the ability to coordinate relationships between members of subordinate departments.

Overall, these three aspects are not only the main elements of new company creation but are also strongly linked to entrepreneurial characteristics. Therefore, the next chapter will discuss further how personality and leadership traits relate to entrepreneurial characteristics.

3. Personality and Leadership Traits Related to Entrepreneurial Characteristics

3.1. The typical Big Five personality traits related to entrepreneurial characteristics

Shabbir and Kassim [17] suggest that entrepreneurial skills are inherently different from other leadership and management skills. Hence, the characteristics of entrepreneurs are different from those of ordinary people. The success of business creation is due to these particular characteristics. From a situational theory perspective, the business environment is complex and volatile. Entrepreneurs are often seen as people who can make the best decisions in a given complex environment. The performance of a business at the start-up stage will affect the future survival and growth of the company. At the same time, the entrepreneur's reputation and characteristics such as age, gender, education and professional background have a huge positive impact on the quality of business performance, so having a qualified entrepreneur is very important.

There is much research on different personalities, and there are numerous occupational tests that provide different information about someone's personality. For example, one common test used across many industries, organization [18] and counseling services is the Big Five Personality Inventory [19]. Unlike other personality theories that categorize people into two groups (introversion or extroversion), the Big Five model examines each personality attribute as a spectrum [20], arguably making it more accurate and detailed than other theories. On the other hand, the Big Five personality was

created to organize personality traits rather than to be a whole personality theory. As a result, it is more descriptive than explanatory, and it does not fully explain individual variances [21]. The Personalized System of Instruction (PSI) is an evidence-based teaching strategy that emphasizes concept mastering, depends on written instruction, and employs proctors for evaluation, support, and motivation which is mostly for staff training [22]. Another example is Enneagram. It is a typological system that describes human personality as several interrelated personality types and has become popular in recent years in the business discipline [23]. This review will integrate existing entrepreneurial personality classifications and personality tests to investigate which personality traits of entrepreneurs may influence the process of creating a business.

The Big Five model, commonly known as the Five Factor model, is the most frequently held personality theory today among psychologists [20]. It included the five personality traits of extraversion, neuroticism, openness, easygoingness and responsibility. Dewanti et al. [24] used a questionnaire to collect data from 180 craft entrepreneurs in Bali Province, and then used multiple regression analysis to examine the impact of the Big Five personalities of entrepreneurs on their data on business growth of SMEs. They discovered that extraversion (0.422) and agreeableness (0.470) had a significant positive impact on business growth (relative high correlation coefficient); neuroticism (0.352), conscientiousness (0.347) and openness (0.408) had no significant positive impact on business growth in SMEs, which could be seen in Table 1.

Table 1. Multiple Regression Test Result

No	Variable	Correlation coefficient	Regression Coefficient	P value	Information	Growth of SMEs
1	Extraverison	0.422	1.386	0.012	Not sig.	55.456+1.368
2	Agreeableness	0.470	1.335	0.004	Sig<0.05	55.456+1.335
3	Neuroticism	-0.352	-0.232	0.427	Sig<0.01	55.456-0.232
4	Consientiousness	0.347	0.957	0.084	Not sig.	55.456+ei
5	Openness	0.408	0.299	0.570	Not sig.	55.456+0.299
R-squares (R^2)		0.355				

However, Zhao & Seibert [25] found that entrepreneurs have positive openness, positive conscientiousness; natural

extraversion; negative agreeableness; negative neuroticism than managers, which could be seen in Table 2.

Table 2. Summary table of Zhai and Seibert research

No	Variable	Comapre to manager (Results)	Symble Form
1	Openness	More open	O+
2	Conscientiousness	More conscientious	C+
3	Extraversion	Similar extroverted	E
4	Agreeableness	Less agreeable	A-
5	Neuroticism	Less neurotic	N-

It appears that entrepreneurs are more open to experience than managers, so entrepreneurs may be attracted to new challenges in a business environment that is complex and changing. People who like to challenge themselves and adapt quickly to new situations usually come up with creative solutions, which is why entrepreneurs are often seen as people who can make the best decisions in a given complex environment. Researchers have inferred that entrepreneurs' environments and job requirements are selected for those who are more willing to experience them.

In summary, openness stands for imaginative, aesthetic, emotionally rich, creative, intelligent and other traits associated with intelligence.

Entrepreneurs also differ significantly in the aspect of conscientiousness. The review by Zhao & Seibert [25] illustrates that conscientiousness is a combination of achievement motivation and reliability. In terms of scores, entrepreneurs and managers are similar in terms of reliability. Still, in achievement motivation, entrepreneurs score much higher than managers. The result suggests that entrepreneurs are not only capable, dedicated, accomplished, self-disciplined, prudent and restrained, but are also more persistent in their pursuit of goals and remain more ambitious than managers in difficult circumstances.

Entrepreneurs and managers share similar extroversion [25]. This trait measures the extent to which a person is

dominant, suggests a positive attitude towards society and the physical world, and includes characteristics such as sociability, activity, self-confidence and positive emotions. However, it can be argued that entrepreneurs should be more extroverted based on Dewanti's research [24] because entrepreneurs act as salespeople to investors, partners, owners, and even in the start-up phase of the business when they need to act as salespeople to sell the business products and services in collaboration with other businesses. Therefore, it is difficult to run an emerging business without positive emotions as well as effective social skills. As a result, extraversion can be summarized as enthusiasm, socialization, decisiveness, activity, risk-taking, optimism and more positive emotions.

Entrepreneurs usually have less agreeableness [25]. This may be because entrepreneurs have become the actual controllers of the business. Also, entrepreneurs do not need to please those around them or their own bosses as much as managers do. It could also be because entrepreneurs need to establish a certain level of authority with their employees. If they are too approachable without authority, employees will not listen to their bosses, making it difficult for entrepreneurs to manage a business well.

Agreeableness also stands for trusting and modest, and if an entrepreneur believes what others say too easily, he is likely to make the wrong decision and bring negative impact

on enterprise. Entrepreneurs are also not as neurotic compared to managers. Neuroticism means not having the ability to maintain emotional stability, indicating that the entrepreneur has a strong mental capacity to take risks in business, such as self-confidence or resistance to shock.

From the results of the two experiments above, there are similarities but also many differences between the two results. While extroversion significantly affects the business growth of SMEs, entrepreneurs and managers have similar extroversions, suggesting that both managers and entrepreneurs must be good at dealing with social activities. Although the experiment shows that openness, conscientiousness, and neuroticism have only a small positive impact on business growth, the analysis of the results for both concludes that entrepreneurs need to be highly creative, somewhat intellectual and ambitious. Although the results of the two experiments on agreeableness are opposing, it is certain that entrepreneurs need to have a certain level of judgement and not to listen easily to what others say.

Also, entrepreneurs need to be very thoughtful before deciding without procrastinating. Zhao and Seibert's [25] review suggests that entrepreneurs are not as approachable as managers because they are not good listeners. Some studies have shown that the Big Five personality traits significantly impact new product development performance [26], leadership effectiveness, job motivation, and job satisfaction [27]. Successful entrepreneurship in SMEs is related to their age, gender and social history. The traits of successful entrepreneurs include very hardworking, strong personal skills, and personal qualities and ethics. In a questionnaire study, business founders identified important characteristics of entrepreneurs as being risk-takers, good learners, suitable adapters, and good at adapting to relationships. Business successors also identified entrepreneurs as being educated, courageous, hardworking and learning [28]. One of the entrepreneurial traits makes entrepreneurs more willing to communicate with external organizations and people also more willing to collaborate and deal with others. This personality affects the operational efficiency of the business at the start-up stage, thereby improving the performance of the company. Based on the above discussion, chose supportive and extroverted to measure the entrepreneurial personality's behavioral style when dealing with others, as extroversion in personality traits represents sociability, enthusiasm, cooperation, confidence and positivity, while supportive type behavioral style also means friendliness and cooperativeness. These traits can significantly impact the entrepreneur's ability to build their 'network', which can influence the process of creating a start-up and even the future development of the business.

People who have an urge for excellence, are willing to take moderate risks and desire independence are likely to become entrepreneurs [29]. Overall, it is clear from the results of these two experimental data sets that entrepreneurs' characteristics are an essential factor in the successful creation of SMEs [30]. The next sub-section will discuss the leadership traits related to entrepreneurs' characteristics.

3.2. The Leadership Traits related to entrepreneurs' characteristics

The traits theories of leadership, which originated in the 1930s and focused on the qualities and characteristics of leaders, was the beginning of the whole field of leadership and was based on the Allport theory of personality traits [23].

It emphasizes the influence of a certain number of qualities and characteristics that are unique and distinguishable from others about the leader's effectiveness. SMEs are rarely family businesses, so the entrepreneur is the leader of the whole business. Therefore, a review and reasonable discussion of the literature on leadership trait theory also shows the influence of one aspect of entrepreneurial traits on the process of creating a nascent SME.

As early as the 1930s, some psychologists focused on leaders who could, to a certain extent, become great men and women, hoping to prove that the leaders had unusual endowments by generalizing from the physical qualities of these people, such as height, weight, body type and looks, to what leaders must have [31]. However, many persons with gifted leadership qualities are not successful leaders, and excellent leaders are not all attractive and articulate. Chiselli used factor analysis to classify leadership characteristics into competence, personality quality and motivation. Personality quality and competence mainly represent the leader's own factors, such as personal intelligence level, self-discipline and maturity. On the other hand, motivation is more motivated by the feelings and stimuli of external social and environmental factors, such as career planning and the goal of achieving control over money and power, etc. Kirkpatrick and Locke [32] identified the main characteristics of leaders as including drive (a broad term that includes achievement, motivation, ambition, energy, perseverance and initiative); leadership motivation (the desire to lead, but not in the pursuit of power); honesty and integrity; self-confidence (associated with emotional stability); cognitive ability; and business knowledge.

This section argues that whether leaders are born or nurtured, there are things that make leaders different from ordinary people. While leaders with specific traits can increase leadership effectiveness, this is not necessarily a guarantee of successful leadership. A leader's effectiveness is not only related to the individual's own factors but also the influence of external environmental and social factors. Therefore, leaders do not have to be omniscient geniuses, but they have some different characteristics. The impact of the leadership traits of entrepreneurs in the creation process of emerging SMEs is complex and seemingly not considered in the existing literature.

3.3. The features of entrepreneurs

Some predecessors have argued that firm formation depends on individual-level factors such as the psychology of entrepreneurs [33] or their professional experience [34]. With the influence of entrepreneurship, more and more programme has been related to business creation, such as a TV show called Shark Tank, which invests in new generations of entrepreneurs. Alternatively, interviews with outstanding entrepreneurs have stimulated the thinking and creativity of many young people. Although there are many academic reviews on entrepreneurship, human still know very little about it. The most widespread of the existing interpretations of entrepreneurship is the role of the people involved in entrepreneurial activity [35]. Although it is hard to define entrepreneurship precisely, it can be determined who is an entrepreneur from our experience and intuition over the last few decades. In other words, human have identified some attributes that most entrepreneurs need to have or have in their experience.

For example, Khilstrom and Laffont [36] argue that people

who like uncertainty are more likely to be entrepreneurs, while those who do not like uncertainty are more likely to be salaried employees. Furthermore, being willing to take risks is a characteristic of entrepreneurs. But there are many different kinds of entrepreneurs, and this characteristic does not distinguish them all. For example, a partner or taking over a family business and adding 'new blood' to an old business cannot be called risk-taking. Innovation, for example, is also considered to be another important characteristic of entrepreneurs. But it is not just entrepreneurs who need to be innovative, and it's the culture of the company and its employees who need to have an open, creative mind.

It is, therefore, entirely one-sided to generalize from a few specific terms about the characteristics of entrepreneurs and assume that these characteristics will necessarily have a significant impact on the business. Therefore, the effect of the personal traits, leadership qualities, and spirituality of different types of entrepreneurs in the early stages of SME creation will be further explored in the following chapter.

4. The Effects of Entrepreneur's Characteristics on The Creation Process of SMEs

4.1. The divisions of entrepreneur's characteristics

Bruce et al. [37] suggested that there is a strong relationship between fast-maturing companies and entrepreneurial personality traits. These traits include self-confidence and perseverance [2]. Venture capitalists, as experts, have identified and selected entrepreneurial characteristics that they believe are positively associated with successful venture outcomes. Hence, it can clearly establish that entrepreneurial personality traits will positively impact the start-up phase. Another characteristic that is important to entrepreneur is individual characteristics. Individual characteristics are attributes specific to the person, such as gender, age, education, physical health and psychological factors, including motivation and control points. Entrepreneurial decisions are most likely to be made between 25 and 40. They are the most active and entrepreneurial of all age groups [38]. At the same time, women are much less willing to start a business than men [39]. On the other hand, successful entrepreneurs are better educated than the average person. To some extent, a good education can be an advantage for entrepreneurs in acquiring entrepreneurial abilities, skills and characteristics [38]. Individual characteristics also include relevant industry experience gained before starting a business or managerial and social skills. Past evidence suggests that entrepreneurs with relevant work experience will have better skill levels and competencies than those without relevant work experience.

Overall, 25-40 is the golden age for entrepreneurs, so entrepreneurs in this period are more likely to make more contributions and useful decisions for their businesses. Entrepreneurs are more highly educated than the average person, so they will have more knowledge and develop more skills, such as relevant industry experience or management skills prior to starting their own business. The abilities and knowledge that entrepreneurs have also determine how much they can contribute to the business. Definitely, entrepreneurs also need to have social skills.

4.2. The effects of the characteristics of entrepreneur on the creation process of SMEs

Many start-ups fail, so many people must work together for a start-up to flourish, with the entrepreneur playing a critical role. Therefore, it can analyze the impact of entrepreneurial attributes on companies using the entrepreneurial traits discussed in above chapters. Employees in the early stages of a business frequently work very long hours. According to a 2018 survey done by MetLife and the US Chamber of Commerce, new entrepreneurs work more than 14 hours daily. Employees who are hesitant to spend most of their waking hours on a project or concept will find it difficult to succeed. However, even an excellent concept may fail to attract customers if the company's employees and team members are unwilling to go above and beyond to promote an original idea. This is why it is critical for entrepreneurs to be able to mobilize their teams and have extraordinary leadership abilities. If the entrepreneur lacks personal solid talents and personality traits that are advantageous to the business, the company's future growth will be limited may even fail.

In the early stages of a firm, every decision is critical as Bag [41] suggests that entrepreneurs' personality qualities have a significant impact on their decision-making process when it comes to new business concepts. Therefore, entrepreneurs must be skilled, adaptive, and open to making the best decisions for their business in a complex business climate, and this sort of entrepreneur enjoys a challenge and has a good understanding of themselves. According to National Business Capital and Services' analysis, 6.5 million firms will be formed in 2019, but only a small percentage of those will be successful long-term. The failure rate for start-ups is over 90%, with 21.5 percent failing in their first year, 30 percent in their second year, 50 percent in their fifth year, and 70 percent in their tenth year. The likelihood of surviving a business's start-up phase is extremely low, as shown in this data. One of the reasons why firms fail, according to Bryant [42], is because entrepreneurs are not specialists. Too many people start a business in order to get a job. They have no understanding what they're doing, no business skills, and no true expertise, thus they have no method of innovating in the business which means this kind of entrepreneurs are lack of openness to experience.

Due to the insufficient number of workers and lack of personnel in the early phases of an SME, the entrepreneur is not only the owner and investor but also the salesperson, selling the company's products and services to other businesses. Strong social skills, eloquence, and the ability to remain hopeful in the face of rejection and positive emotions are required. Bryant [42] suggests that poor marketing is one of the reasons why firms fail. He believes that a company's success is based on marketing and bookkeeping. If the entrepreneur is skilled in both, it doesn't matter what the company sells or offers since it will be purchased.

The unfortunate reality is that most entrepreneurs are experts in their field but are clueless when it comes to marketing. According to Baron & Markman [43], entrepreneurs' social abilities also play a part in their success. Not only that, but having a high level of social capital based on a positive reputation, appropriate prior expertise, and direct personal ties can help entrepreneurs connect with venture investors, potential clients, and others. After gaining access, the nature of the entrepreneurs' face-to-face

encounters has a significant impact on their success. The quality of these encounters is influenced by specific social skills such as reading others effectively, creating an excellent first impression, adapting to a wide range of social settings, and being persuasive. Entrepreneurs' social abilities may also contribute to their social capital by expanding their personal networks. Entrepreneurs who take advantage of these chances can significantly benefit their company (have a strong sense of responsibility and extroversion as well as being less neurotic).

The conclusion is that managerial traits indirectly influence success through process and, to a small extent, directly influence firm success. The analysis of the experimental data from previous review after comparing the data concluded that different types of entrepreneurs have different levels of influence on firms. However, there is not enough research to show whether different types of entrepreneurs have an impact in the early stages of firm development, or to what extent different types of entrepreneurs have an impact on different sizes of firms. Clearly, this has received little attention and there is no way to draw definitive conclusions, which is a major gap in the existing literature that must be addressed in the future.

5. Conclusion

As much of the previous literature has been about the association of entrepreneurial characteristics with successful firms or how entrepreneur impacts firm performance, this study identifies gaps in existing research through analysis the existing reviews and focuses on how entrepreneurial characteristics impact the early stages of SME creation, providing some direction for future research.

There are four key findings in this review. First, this review defines the start-up stage in business as an entity that can turn an opportunity into a profit when it identifies entrepreneurial opportunities in exploring future market developments and assembles the required resources to establish them. Secondly, the review finds that entrepreneurial traits impact all three areas of an entrepreneur's core elements on the new creation of a business, particularly in the component of entrepreneurial intention, as it needs high openness to experience and positive conscientiousness. In addition to that, based on the comparison and analysis of data from two experiments on the Big Five personality, this review finds that entrepreneurs need to have moderate agreeableness, high extravagance, high openness, low neutralism and high conscientiousness. For example, the extraversion personality often plays a vital role in building one's 'network', which affects the start-up's performance and development and increases the likelihood of the company's future direction. Finally, the review finds a strong positive relationship between entrepreneurial personality traits and business development. However, insufficient literature demonstrates that entrepreneurial personality traits significantly impact SMEs in their creation process.

SMEs are involved in many different industries, and the creation process can vary depending on the size of the business and the industry environment. Time constraints did not allow for a focus on more specific areas. In addition, the study does not consider that the external environment in different countries has an impact on the SME creation process, for example, the market. This review focuses on the impact of entrepreneurial characteristics on the initial stages of SME creation in different business environments. Future research

directions could look at the impact of other dimensions of entrepreneurial characteristics on the development of SMEs at different stages and could even start with the founding team, as there are companies that have more than one founder, possibly a team. So future research could be conducted from the perspective of the impact of founding team experience and diversity on SMEs development or performance.

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