

A General Overview on Entrepreneurship and Small Businesses

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ABSTRACT

The aim of this paper is evaluation of entrepreneurship and small business, to in addition, communicate between entrepreneurship and small business, are expressed logical arguments for the relationship between these two variables. And shows that how can create small business with entrepreneurship and innovation, and provided stimulate the growth of small businesses. In this paper, the researchers are trying to introduce the characteristics of an entrepreneur, entrepreneurial team, advantages of entrepreneurship, and ultimately, small businesses in the community.

KEYWORDS: Entrepreneurship, businesses, innovation, community.

INTRODUCTION

Many people have a dream of establishing business for own. Some people when are losing their job due to companies downsizing, with high experience and expertise, would start a business for themselves and may create a leading institution of any. In some, important ideas come to their mind, and know entrepreneurship the better use of time, their talent and ability. Despite this, managing a small business is difficult and risky. Failure rate of small businesses are more than large corporations; because collecting the necessary resources such as: money, people, machines and location for entrepreneurs of small businesses is very difficult. Durable small businesses still are facing with many challenges. Despite the presence of risks, many people with unprecedented speed are in entering to the world of entrepreneurship. In Iran, entrepreneurship encouraged with government loans for established businesses to return soon. It indicates importance of starting small businesses. Therefore in this paper the importance of entrepreneurship in small business and its role in the national economy has been studied (Ahmadi and Darvish, 2008; Daft, 2005).

Entrepreneurship

Years ago, Toffler, (1980) in the (The third wave) predict that working practices and relationships between people and organizations will be major changes by changing technology, especially in communications and information. At the time of publication the third wave book, a reader of a developing country probably would thought that the desired waves of Toffler, will reach several next years to his country. But the waves in a very short time, through new technologies such as Internet, satellites, mobile phones and like it, before the end of the second millennium, passed of border and even were enter the privacy of individuals. Throughout history, work had been as a ways of social participation and the expression of personality and human dignity, and human is raised himself with work. Despite this work is not only way to social participation. The human need to relax and rest, undertaking social responsibilities, and spending times for family are other dimensions of human philosophy. Work and family can have an interaction and complementary role for each other. Meet family needs are provided with work, and family support, will strengthen the physical and psychological of employees for successful job. The entrepreneurial that Joseph Schumpeter remembered of it as engine of the development, growth and economic progress in developed countries, is multifaceted phenomenon and intertwined with culture, economics, politics and society (Ahmadi and Darvish, 2008). Entrepreneurship is the process of starting a risky business, organizing the necessary resources, and accepts the risks and benefits associated with that. The entrepreneur takes the applicable idea to a commercial product or service and brings it to the action stage. This means finding and bringing together the necessary resources, such as: money, people, machines, and a good place to accept the risk of business (Daft, 2005). The formation of the entrepreneurial process includes the following steps (Grave and Salaff, 2003)

- 1- **Motivation stage:** in this stage the entrepreneur expresses his main idea and extends the concept of including.
- 2- **Planning stage:** in this stage the entrepreneur is ready for business, meanwhile, achieve to knowledge and needed resources is essential activity in this level.
- 3- **Creation stage:** in this stage the entrepreneur create a corporation; and in the stage the focus is more on daily activities, communications and problem solving.

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Also entrepreneurs accepting the risks to achieve business benefits, they accept the legal and financial risks of ownership to get the business interests. Drucker, (1985) believes that an entrepreneur is one who that can start small businesses with your investment. He said today there is much confusion in the definition of entrepreneurship, and hence it cannot propose a comprehensive and standard definition. The reason for this is hidden in the interdisciplinary nature of entrepreneurship (Ahmad-Pour, 2004). However, in all definitions of entrepreneurship, we have encountered with some type of behavior that may include: accepting pioneering, reorganization social and economic mechanisms for making scientific resources and conditions, and accepting of risk or failure (Ahmadi and Darvish, 2008).

Gartner believes that entrepreneurship is a way of thinking and acting that preoccupy people mind and thought. Successful entrepreneurs have very different motivations and with many ways measured advantages. In a study, successful entrepreneurs were classified into five groups as follows (Daft, 2005):

- 1- **Idealists:** Their reward is the opportunity to do something new and creative.
- 2- **Optimizer:** Have the personal satisfaction of being a business owner.
- 3- **Diligent:** Their thrives is challenge about the creating a business and bigger and more profitable.
- 4- **Adroit:** Powerful people who enjoy of doing their business with all the details.
- 5- **Continuant:** Enjoy of opportunity to create a balance between work and personal life.

Research shows that there are common noteworthy characteristics between the entrepreneurs. Acknowledge and identify features of successful entrepreneurs, encouraged the people who start their entrepreneurial or potential entrepreneurs. Some common features of entrepreneurs are the following:

Need to succeed: Need to succeed is willingness to do the work at high standards, intent to success in competitive conditions (Ahmadi and Darvish, 2008). If two jobs offered to these people, one easy with good wages and other one more difficult with same wages, usually they accept second job (Boromand, 2007).

Independence: Entrepreneurs prefer to decide themselves, and during this decision, uses of all their efforts, knowledge, expertise and capital. In this case entrepreneur knows himself only factor in success or failure in the jobs (Ahmadi and Darvish, 2008).

Tolerance of ambiguity: Entrepreneurs can face effectiveness with vague, incomplete, uncertain, unorganized and non-transparent information and condition, without feeling threatened or uncomfortable. And with resolve ambiguities by the expertise and personal effort, change it to your advantage (Ahmad-Pour, 2004).

Lack of access to information for making decisions about the starting a new business is one of the important issues for entrepreneurs. Due to limited access to collection information and evaluate results, people rely on the external contacts to gather information (Schenkel and Garrison, 2009; Chowdhury, 2005).

Risk taking: Apparently is assumed that entrepreneurs are more willing to risk, but research shows that entrepreneurs do not rely on the chance factor and are not willing to accept high risk (Boromand, 2007).

Internal locus of control: The idea that chance or fate, does not control a person's personal life, is the special features of entrepreneurs. Entrepreneurs tend to think that know the way of everything, and luck, does not the role and impact on their personal life and work. Such people have a confidence in their strength and ability, and know their own destiny controllable (Ahmadi and Darvish, 2008).

The entrepreneurial team

Entrepreneurial teams are the highlight the importance characteristic in the global economy. So that it considered as a movement engine of economic development (Schenkel and Garrison, 2009). Entrepreneurial teams are known as one of the most important economic activity, and in recent years has been attention more. Research shows a strong correlation between large companies' success and the teams that has been established based on entrepreneurial. Entrepreneurial team has better performance due to more human and social capital in uncertain conditions (Liao and Welsch, 2005). Also in creation of companies, team has shown excellent management, and has had more influence on organizational performance than a chief executive. This shows that performance of entrepreneurial is influenced by innovation and new economic activities (Schjoedt and Kraus, 2009). Entrepreneurial team shows itself in the heart of any new economic activity. Survival and growth of entrepreneurial teams are more than the individual entrepreneurs (Harper, 2008).

Entrepreneurship and economics

Economic growth, improve productivity, and the emergence of technologies and new products and services are the benefits of entrepreneurship in a society (Ahmadi and Darvish, 2008). Economy is constantly changing, and creates new opportunities for business (Daft, 2005). Small businesses create most new jobs in the economy; therefore economists have a special attention to new small businesses. For example, demand for services is rising; 97% of service companies are small and have a less than 100 members. After the government liberation in America, thousands of small freight companies have started to work due to the removal of restrictions. The impact of entrepreneurship corporate on America's economy is surprising (Ahmadi and Darvish, 2008; Li *et al.*, 2006).

Productivity before the being technical concept, is the cultural subject which will be made in partnership people with the society and the environment. Increased productivity is dependent to improved production techniques. According to John Kendrick Increased productivity is dependent to entrepreneurship. Research, development and investment in new systems and factories are the key factors influencing on increasing

productivity (Ahmadi and Darvish, 2008). Productivity in economics refers to something that is included use of most effectively and efficiently of economic resources in the production process and economy of a society obtains their maximum potential. Productivity is a key factor affecting on economic development. Productivity is related to real income and living standards of people in a society (Ahmadi and Darvish, 2008; Boettke and Coyne, 2003).

Technology is production process, and is included machine tools and methods of doing things. Technology in organizations starting with a raw material; employees working on raw material, to make changes in it, and thereby manufactured products comes from the raw material. A product to be successful must pass through three stages: completion of terms of technical, being successful in the trade and commerce, and being successful in the sales phase. Research results show that the successes of new products are dependent to cooperation unsparing of technical and marketing circles. Usually those groups of new products are successful that are flawless terms of technology, and have been able to ensure customer requirements precisely Usually many people that with innovative, create new products and technology, are those who have out of large companies, and after with innovation has become an entrepreneur (Daft, 2010; Baumol, 2005).

Small business

An entrepreneur should supply to kings market, their specific product or service in the context of market and with other competitive products and services. Consumers are the kings of the market that selected and buy something that approbation it. Customer determines who is wins and who loses. They are smart and aware and have not forgiveness in their work. Who created a new business should with benefit work and services, keep satisfied these rulers (Ahmadi and Darvish, 2008).

Charles Catering is one of the world's largest innovative entrepreneurs say that in business, those who never thought about it and does not know him, sits and controls the entire flow. That person is your customer. All gains and losses that can be seen in the office of a manufacturer are the results of customer encouraged and prevision (Cook, 1997). Generally small business is known as an independent ownership and activities that not dominant in its activities field. Most people consider a small business that has fewer than 500 members; but small business administration defines it as the industry (Daft, 2005).

The reasons for starting a business

There are many reasons for starting a business, such as: family member's business, to control the future, to be their own head, to achieve their dreams, and because have been eliminated due to organizational downsizing. Starting a business is one of the most interesting performances that a person can have. Over 10 million people start a business each year, as a result, each year more than 3 million small businesses is created (Daft, 2005). In Iran, the numbers of people employed in small businesses are less than 50 persons; numbers of people employed in medium businesses are 50 to 500 persons, and more than 500 persons businesses, are considered as large businesses. Individual shops, home, internet and family businesses, are the small businesses. Chain stores are the medium businesses, and banks and Iran Khodro Co., are considered as the large businesses (Ahmadi and Darvish, 2008). The way of entrepreneurs is integrate their expertise and experience with market needs. Action only based on individual expertise may be producing something that no one is willing to buy it. In activities, personal expertise and market needs is essential to consider (Daft, 2005).

Features of small businesses

The most important feature that most researchers and writers are known for small businesses, including: job creation, flexibility, innovation capacity, profitability, productivity and create higher value (Ahmadi and Darvish, 2008). For entrepreneurial activity, people should be able to monitor environmental changes and assessment the impact of these changes on their new business. Inability of entrepreneurs to predict the success in business will be causing uncertainty environmental. As a result of entrepreneurial activity will be in trouble. However, individual network provides expertise provides and knowledge that reduces ambiguity inherent in the entrepreneurial process. People who are in contact with other entrepreneurs have more confidence and have access to knowledge that needed for start a business. Ruef, (2010) consider the role of social links in creation of innovative ideas, and reported that, People who are connected to community groups have valuable Ideas and adequate creativity.

Conclusion

Entrepreneurship is a dynamic and ongoing process that has beginning, end and certain stages. Nowadays entrepreneurship is an integral part in human life. If businesses want to be useful in economic activity and have growing trend, innovation and entrepreneurship should be put to part of its core purposes. Entrepreneurship has many advantages for society including: economic growth, productivity, and developed new technology, products and services. Therefore it is necessary to governments paid to the concept of entrepreneurship with special attention. To entrepreneurship be widespread in all sectors such as education, social, economic, cultural and even political.

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