

# **PERSONALITY DYNAMICS THAT INCREASE ENTREPRENEURSHIP SUCCESS OF KENYAN SMEs**

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## **Abstract**

This research paper concentrates on the personality dynamics that effect an increase in the entrepreneurship performance of Small and Medium Enterprises in Kenya. The purpose of this study is to discover the personality traits that are more suitable for success between SMES in Kenya, so as to find out how they can be incorporated to reduce the high mortality rate of Small and Medium companies that usually die before the end of their second year. This study utilizes description approach of research and also relies on literature review and related studies to gather relevant information regarding personality traits and entrepreneurship performance. The Big Five factor Model of personality is utilized to outline and rate different personality dynamics related to entrepreneurship. A qualitative approach of research is followed because in accordance to the researcher, it is the independently best method of carrying out this research study. Therefore, the data gathered in this paper originates from previous journals, books, case studies, government and international institution reports, websites and documents that connect to this topic. The findings of the paper are that conscientiousness trait provides the strongest link to entrepreneurs success followed by openness to the environment. Emotional stability and extraversion are linked weak to entrepreneurship success while agreeableness is negatively related to increased entrepreneurship performance.

## **INTRODUCTION**

Entrepreneurship success of Small and Medium Enterprises (SMEs) is important to the global economy and creation of jobs as they represent 90% of businesses worldwide and contribute to more than 50% of work employment globally

according to (“World Bank SME Finance,” n.d.). Furthermore, the estimates show that by 2030, 600 million jobs will be required to integrate to the worldwide workforce, therefore, SME growth reserves the greatest priority by governments globally.

According to (Report, 2020), worldwide unemployment rate in 2019 was standing at 5.4% while the combined estimates of labor underutilization was 13%. This decline of the unemployment rate was attributed to the growth of high-income countries unlike developing countries. On the other hand, the research data revealed that 630 million workers globally, representing 19% of all working population, were earning less than enough to remove themselves and their families away from moderate to extreme poverty. Low-income countries exhibited the most limited progress in stabilizing work poverty despite their fragile economies. Income of the country and work poverty is strongly related in the ILO research. The Africa continent suffers a lot of setbacks in relation to gaps in decent work and poverty. Reflected in the low wealth level and also its unequal distribution, ILO data defines 53% of workers in Africa live in poverty.

Small and Medium Enterprises (SMEs) are therefore viewed as vulnerable but valuable in several economies and provide key drivers to boosting economic growth of countries. Their emergence, growth and development are critical and policy makers and governments are leaning to emphasize their importance in our ecosystems. As important as they are to the overall economy of a nation, their threat poses a slew of dangers to their survival as noticeable especially in several developing economies across the globe like Kenya.

Struggling economies face huge challenges concerning with the effects of high collapse probability of SMEs which stands at 70% for Kenya. In the news source (“Challenges to SME growth in Kenya,” n.d.), it is argued that since 2014, Small Medium Enterprises accounted for 80% of jobs, and there are over 250,000 SMEs. Barriers to venture success that cause death of new SMEs are linked to insufficient knowledge and skills, inadequate capital, fast technological changes and substandard

infrastructure (Deloitte, 2016). Most of the previous researches on entrepreneurship focus within the Kenyan landscape focus on secondary factors like finance and government policies. It therefore lays the aim of this research to examine the personality dynamics and traits of emerging entrepreneurs that make them likely to survive in the sensitive ecosystems they are established in.

## **LITERATURE REVIEW**

Personality traits have been a huge area that has attracted a load of controversy and debate on which personality dynamics affect the growth and success of businesses. Many authors and researchers have engineered their models and arguments about different sub-groups of personalities and their effect on business success.

(Dvir, Sadeh, Pines, & Shenhar, 2009) found out that a micro-individual and behavioral insight of personality traits reveals that entrepreneurial characteristics like the love for challenging tasks, innovativeness, optimism, creativeness and energy are strongly associated with a risk-taking behavior that is related to uncertainty of the business environment and ever changing technology era. These traits are connected to increased risks and uncertainties of entering new business opportunities that ultimately lead to higher success rate. However, these traits were not favorable for meeting task deadlines and budget goals.

According to (Rashid, Alzafari, & Kratzer, 2020), entrepreneurship success is a factor dependent on entrepreneurial and managerial personality. The research study further emphasized that solid economic measures like turnover rates, share and profit of the market and size of business are valid perspectives of viewing venture success but are very limited in application for wider industries, geographical locations and stage of business. Therefore, personality dynamics is a reliable factor that can be tested across different contexts on business success.

Research on SME performance in Kenya shows that there is a high mortality rate of small companies within their first 2

valuable especially for taking risks and creation and expansion of opportunities. The author recommends that Small Medium Enterprises reexamine their cultures and personalities to determine which are slowing their companies' performance and also take note of the highly correlated powerful traits.

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