

# Factors Affecting the Entrepreneurial Dynamics

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## Abstract

This paper aimed to identify the factors that affect entrepreneurial Dynamics. This study used a survey data of 60 individuals from different companies from various sector in Tunisia. The theoretical model was tested and confirmed via Structural Equation Modelling (SEM). The Results indicate that Innovative environment, Knowledge, Professional competence, and Personality trait have significant positive affect on entrepreneurial Dynamics. Marketing implications of the study are discussed.

**Keywords:** Innovative environment • Entrepreneurial dynamics • Knowledge • Professional competence • Personality trait

## Introduction

In the last few year, several researchers need to innovation because of technological changes and environmental turbulence [1,2]. These changes have influenced on consumer behavior and on the market structure. for this reason, the entrepreneur need to inventing in order to restore balance to the market. The place of innovation in the economy is proven in his work "business cycle" [3]. In addition, it is presented as being a source of economic progress. This innovation brings companies towards technological growth and knowledge development. It is also the source of the emergence of new markets, products and services as well as the emergence of new methods of supply, production or distribution. The same idea is shared with "Innovation is presented from the development of specific know-how and technological progress in the region where the entrepreneur lives" [4]. Each environment is characterized by a set of cultural, political, social and economic elements that influence the process of entrepreneurial innovation.

As well, entrepreneurship presents a key element of economic growth have shown that entrepreneurship is at the origin of economic development at local and regional [5-7]. This idea was confirmed [8,9]. According to company to ensure its progress and development, it must have recourse to innovation [10]. Added that entrepreneurial innovation depends on the characteristics, traits of personality and creativity of the entrepreneur, Indeed, an entrepreneur is a person who adds value to his own business (the ideal entrepreneur is one who transforms threats from circles into opportunities that he uses later in the creation and development of his own business) [11]. Nowadays, the issue of innovation and entrepreneurship has become a hot topic. And our problem is to know if the innovation strategy has an influence or not on the entrepreneurial dynamic. Moreover, you should know that any innovation depends on the characteristics of the environment and those of the entrepreneur (especially skills and knowledge) as well as research and development effort explained through his research the link that exists for his part, perceives that the phenomenon of entrepreneurial innovation is linked to the characteristics of the entrepreneur (his experiences and his knowledge) [12,13]. On the other hand, and the knowledge of the entrepreneur is at the origin of research and development and their accumulation influences the degree entrepreneurial skills which subsequently contribute to the appearance of innovations.

The purpose of this paper is to examine the relationship between the strategy of the entrepreneur to innovate and the entrepreneurial dynamic.

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This research is organized as follows: first we develop literature review. Then, we present the research methodology. Thereafter, we present the results of our research. Finally, we discuss the results and present the managerial implications of the research.

For several years, great effort has been devoted to study of innovation and entrepreneurial dynamics. The innovative environment is one that participates in the creation of innovations and businesses. Indeed, each region contains a set of characteristics which are linked to the infrastructure, technological availability, to the market situation and the availability of information [4]. These economic characteristics influence the activities of firms and the development of the country. In the same way he has proven through his study that the region's brand image is determined according to the particularities of the environment [14]. According to the innovative environment is made up of a set of networks that facilitate communication between entrepreneurs [12]. In other words, there is a strong link between the innovation community, the social network and entrepreneurship.

## Methodology

### The innovative environment has a positive impact on entrepreneurial dynamics

Identifying opportunities of the environment depends on the body of knowledge acquired [15]. This idea has been confirmed by the works [16]. Indeed, for him, the existence of the entrepreneurial project depends on the availability of information that comes from the environment. It emphasizes that knowledge helps entrepreneurs to use their past experiences to transform threats in business opportunities [17].

### Knowledge has a positive impact on entrepreneurial dynamics

Entrepreneurial competence is the tool that guarantees economic development [18]. Prove in this sense that this entrepreneurial skill comes from learning which facilitates the development of knowledge [19]. Therefore, the degree of performance of an entrepreneur is measured by his competence which encompasses all of the knowledge, skills and knowledge of being [20].

### Professional competence has a positive impact on entrepreneurial dynamics

Several researchers have shown that the personality traits of an entrepreneur are the first factor determining the success or failure of a new business [21]. Therefore, the entrepreneur is the driving force of entrepreneurial activity [22]. Indeed, according to the entrepreneur's self-confidence anticipates the future and transforms threats into business opportunities, through the use of skills that come from knowledge acquired from the environment [23].

### The personality trait has a positive impact on entrepreneurial dynamics

**Data collection:** In this study, quantitative data collection method was applied to analyses the empirical data which were collected from the responses

through using questionnaire survey (Figure 1). The target population of this study was innovative companies from different sectors of activity, located in the region of Sfax. We selected a sample by convenience method. The sample consists of 60 individuals from different companies who are well distributed in terms of effectiveness and market share.

**Measurement:** Entrepreneurial Dynamics: This scale consists of two dimensions Effectives and market share

This scale is adapted from different research

**The innovative environment:** This scale consists of two dimensions:

- The influence of the family environment

Is a binary variable that takes 1 if the creation and innovation decision was influenced by the family circle and 0 if not? This scale is adapted from [24].

- The constraints of the environment:

This variable was adapted from consist of 4 items [25].

**The knowledge:** This scale consist of two dimensions the influence of the education system and the influence of training.

These two variables are taken from the article by [26]. Indeed, the two variables were binary variables.

**The skill:** This scale consist of four dimensions

- Professional career:

This variable was adapted from [27]. Indeed, this variable was binary.

- Network relational:

This variable was adapted from Indeed, this variable was binary.

- Previous experience:

This variable was adapted from Indeed, this variable was binary.

- Level of study

This variable was adapted from this

**Personality trait of the entrepreneur:**

- Gender

This variable was adapted from [28].

- The age

The measure of the age variable was based on the following categories : Less than 25 years (1) ; from 26 to 34 years old (2) ; from 35 to 44 years (3); from 45 to 54 years (4); over 55 years (5).

- Source of motivation:

This variable depends on the entrepreneur's personality and level of satisfaction. Indeed, this variable was adapted from [22].

- Willingness to face the risk :

This variable was adapted from it

**Data analysis**

The software used in analysing the data was AMOSS20. The statistical analysis includes the Principal Component Analysis (PCA) and the Structural Equation Model (SEM). SEM is a statistical methodology that takes a confirmatory (hypothesis testing) approach to the structural analysis of data representing some phenomena [27]. The two-step SEM approaches are recommended by Kline will be adopted in this study. First, the measurement model will be measured to examine the validity and reliability of the data. Next, the structural model will be measured to test the hypotheses of the study and the fitness of the data to the model.

**Results**

Assessment of the measurement model to verify the psychometric measurement scales included in this research, we studied their reliability and validity. A reiteration between computing Cronbach's alpha and exploratory factor analysis and confirmatory allowed us to assess the internal consistency of the scales. Alpha different scales vary between 0.9 and 0.7 respecting this way the minimum threshold of 0.60 confirmatory factor analyses. Confirmatory factor analysis performed using SPSS and AMOS 20 shows that the items are significantly associated with their latent constructs (p<0.001). The constructs that do not have a level of composite reliability exceeding the 0.70 threshold and a level of Average Variance Extracted (AVE) which exceeds the threshold of 0.50 are eliminated. Also, for each construct, the composite reliability exceeds the value of EVA. This shows that convergent validity is satisfactory for all constructs of the model. Table 1 presents the reliability indicators used to assess the construct validity used to assess the discriminant validity built.

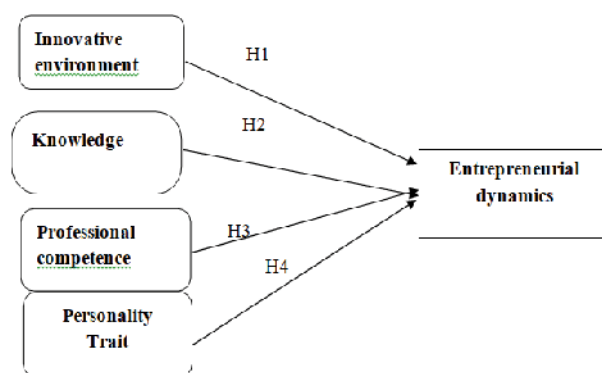


Figure 1: Conceptual model

Table 1. Reliability of constructs (N=60).

Concepts	Items after CFA	Reliability	Alpha Cronbach
<b>Entrepreneurial dynamics</b>			
-Effectives	E1, E2 and E3	0.82	0.89
-Market share	MS1, MS2 and MS3	0.71	0.97
<b>The innovative environment</b>			
-Family environment	F1 and F2	0.91	0.7
-The constraints of the environment	CONT1, CONT2, CONT3 and CONT4	0.9	0.72
<b>The knowledge</b>			
-The Influence of education system	IE1 and IE2	0.948	0.73
- The influence of training	IT1 and IT2	0.709	0.63
<b>The skill</b>			
-Professional career :	PC1 and PC2	0.703	0.63
-Network relational :	NR1 and NR2	0.779	0.69
-Previous experience :	PE1 and PE2	0.766	0.67
-Level of study	LS1, LS2,LS3, LS4, LS5 and LS6	0.948	0.78
<b>Personality trait of the entrepreneur</b>			
-Genre	G1, and G2	1	1
-Age	A1, A2, A3, A4,A5 and A6	1	1
-Source of motivation	SM, SM, SM and SM	0.95	0.8
-Willingness to face the risk	WR	0.84	0.85
Fit indices	Fit indices Khi-deux normé=2.1; GFI=0.92; AGFI=0.95; RMSEA=0.174; NFI=0.823; TLI=0.738;CFI=0.703		

By the need for modification by addition of links covariance between the errors and removing items which  $SCM < 0.5$  in order to improve the goodness of fit. These changes have generated an acceptable and satisfactory adjustment of the overall quality measurement model. Reliability is verified (Tables 2 and 3).

### Hypothesis test

To judge a relationship as meaningful, it must verify that the CR is higher than 1.96 with a significant  $p$  ( $p$  must be less than 5%) (Table 4).

## Discussion

Firstly, the innovative environment was found to have direct significant impact on entrepreneurial dynamics. Past studies have obtained similar result [29,30].

This finding has implications has studied the theory of the innovative environment and conclude that the innovative environment is the product of interaction between the work, the institution and the enterprise factors [31]. Emphasize that the industrial and scientific milieu contributes to the appearance of new business, due to the activity of innovation and entrepreneurship [29].

Concerning the family context, have proven through their studies that the family context is the first source of motivation which pushes the entrepreneur to develop his own business [30]. In this research, we have studied the innovative environment which constitutes a determining factor of entrepreneurial dynamics. Indeed, this environment has a significant influence which shows that its characteristics and constraints present very important data for the entrepreneur, who wants to act and create his own business.

Second, Knowledge has a direct significant effect on entrepreneurial dynamics have found similar finding [32-34]. Pedagogical training contributes to the acquisition of knowledge associated with entrepreneurship. Likewise he has proven through their studies that most students are engaged in entrepreneurship training programs. For this reason, identifies entrepreneurship as a learning process in which the entrepreneur acquires the necessary knowledge in order to achieve success in the entrepreneurial field [32,33].

Third, the relationship Professional competence and Entrepreneurial dynamics is found to be a positive relationship which has similar to previous findings of [19,34].

This idea is shared by [34]. For him, the entrepreneur's activities are very complex and it requires skills so that they can be carried out. Indeed, emphasize that competence represents the best indicator of the performance of the entrepreneur within his own entrepreneurial project [35].

Speak of competence through the identification of the importance of professional career in the entrepreneurial field [19]. Indeed, for them, entrepreneurial competence is only built through the experiences that appear through the professional career of the entrepreneur.

On the social side, the entrepreneur's business relationships with many individuals present the sources of building a social network (strong/weak). Using this social network, the entrepreneur can learn and subsequently acquire the knowledge and skills necessary to carry out his project. Fourth, Personality trait has a positive effect on Entrepreneurial dynamics. This finding is not supported by indeed; they prove through their studies that students (young entrepreneurs) have more important personality traits associated with entrepreneurship than other people who do not have an academic training.

The same idea was shared by him who shows that the entrepreneur has a few different personality traits [36]. In this sense, also carried out an empirical study on 10,000 students and they prove that the personality traits of the entrepreneur are very important in the field of business. To clarify this idea, it highlighted a list containing entrepreneurial attitudes, such as the willingness to face risk and motivation [37]. For, the entrepreneur is a character who takes the risk of creating a business [38].

On the other hand, the literature on entrepreneurship has given us

interesting results concerning the influence of the personality traits of the entrepreneur on entrepreneurial dynamics. In this sense, our work has focused on presenting the importance of the entrepreneur's willingness to face risk and the importance of the motivating factor in the creation of an entrepreneurial activity.

## Conclusion

This paper aimed to identify factors affecting the entrepreneurial dynamics in Tunisia. Based on previous theoretical and empirical studies, the research conceptual framework and hypotheses were constructed. After analyzing collected data, we find that all hypotheses are accepted. The study's findings showed that the most significant predictors to create a firm are skill.

This research shows the limits related primarily to the reduced size of the non-representative sample of firms and to the convenience sampling method that has certainly affected the sample composition. Another is the limited non-integration of some variable in the model. In addition, this research is limited on a single developing country 'Tunisia'. As future research, in addition to the effects of main variables in this research, another additional factor can be applied such as research and development. A positive significant relation between entrepreneurial dynamics and research has development. Another perspective this research should extend the model to other cultures to better understand the factors that affect entrepreneurial dynamics.

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