Abstract

Why some individuals are more successful in business than others is among the influential questions in entrepreneurship research. The common view is that there are numbers of factors, related to the entrepreneur, the firm and the business environment, which influence the growth of the firm (one measure of firm performance). Building on the concept of human capital and psychological theories, we tested the influence of the characteristics of entrepreneurs on the growth of small and medium-sized enterprises (SMEs) in the Tanzanian setting. The research design was quantitative in nature, testing various hypotheses regarding associations between entrepreneurs’ personal characteristics and firm growth. Specifically, we hypothesised that certain demographic characteristics, personality traits and cognitive characteristics do have an influence on the growth of SMEs in Tanzania. Data was collected from 300 entrepreneurs (representing SMEs) within the furniture industry in four different regions in Tanzania.

Various techniques such as descriptive statistics, Analysis of Variances (ANOVA), factor analysis, regression analysis and Structural Equation Modelling (SEM) were used to analyse the data. Based on the survey responses, our research reveals that the growth of SMEs is explained by certain characteristics of the entrepreneurs. Specifically, with regard to the demographic characteristics, the findings suggest that entrepreneurs who have had vocational carpentry education, have attended workshops, who have had previous experience in management and the industry in which the current firm is involved and who have come from an entrepreneurial family, were more likely to see their business grow than entrepreneurs who lacked the aforementioned attributes. Furthermore, the findings suggest that specific personality traits, such as the need for achievement, internal locus of control, risk taking propensity, innovativeness and self-efficacy exert an influence on the growth of SMEs in Tanzania. We have also found that cognitive characteristics of the entrepreneurs are positively related to the growth of SMEs: entrepreneurial alertness, attitude towards entrepreneurship, different cognitive styles and entrepreneurial motivation. Interestingly, the findings suggest that cognitive characteristics do mediate the relationship between personality traits and the growth of SMEs. Based on these findings, a number of implications with regard to theory and practice are discussed. The limitations of the study are also highlighted together with the important areas for future research.