# The Birth and Death of Small Businesses and Entrepreneurial Ventures:
## A Critical Review of Key Variables & Research Agenda

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*According to the United States Small Business Administration (SBA), small business owners represent 99.9% of all U.S. firms and employ 48% of the private sector employees, which accounts for over 40% of the U.S. private sector payroll. Following global suit, the focus in the United States on entrepreneurship has been on the rise over the last decade and is a major source of employment and revenue, as well as spurring new innovation (Leutner et al., 2014, America's Small Business Development Center [ASBDC], 2020; U.S. Small Business Administration [SBA], 2020). In order to get a full picture of entrepreneurship in the United States, research and many studies have been conducted to try to understand the accountability of strategic management and the tactical reasoning of entrepreneurs (Ciavarella et al., 2004; Hurtz & Donovan, 2000; Leutner et al., 2014; Mitchell et al., 2007; Owens, 2003; Rauch & Frese, 2000; Staniewski & Awruk, 2019). While there are many definitions of entrepreneurship, a commonly accepted definition is the behavior that is tied to the generation of value in innovative tendencies, techniques, and actions.*

*Strategic management helps an organization, small business, or new venture to get equipped with the right management tools, anticipate changes, and direct the organizational activities along the right path as part of a decision-making process. The objective of this critical review and research agenda paper is to better understand the role strategic management plays in the birth and death of small businesses and new ventures. Further, to explore if certain personality traits of individuals are responsible for promoting such actions, more than others. The Theory of Planned Behavior is considered from a theoretical background perspective to view the lens of accountability of this body of research. Specifically, as a discipline, can strategic management likely be considered accountable for the birth and death of organizations, small businesses, and new ventures? Are certain personality traits of individuals more responsible for promoting such actions than others?*

*Keywords: corporate governance, organizational design, organizational culture, strategic management, the big-5 personality attributes, small businesses, organizational life-cycle, upper echelons theory, personality traits, entrepreneurial ventures, entrepreneurship*

**INTRODUCTION**

In a 2015 Gallup poll, the United States ranked 12th among other developed countries "in terms of business startup activity" which includes small business and new firms in the U.S. (Clifton, 2015). In reference to the birth and death rates of American companies, the U.S. Census Bureau reported there were more business closures than startups and this "crossed a critical threshold in 2008, when the birth rate of new business dropped below the death rate for the first time" (Clifton, 2015). The Bureau of Labor Statistic shows a slight uptick in this data from 2010 to 2017 with more startups than closures (SBA, 2019). This is considered by some as "serious economic problem" because small business and potential new ventures contribute to our economic well-being by creating jobs, sparking innovation, and providing opportunities to individuals to achieve success (Collins, 2008).

In a rapidly changing world with continual technological advances, growing populations, and environmental changes a deep entrepreneurial mindset is required to keep fresh innovation and economic development pushing for a better world. Entrepreneurship is defined as a behavior that is tied to the generation of value in innovative tendencies, techniques, and actions (Dana et al., 2020; Leutner et al., 2014). An entrepreneur is someone who embodies those behaviors and who starts a business or new venture and bears most, or all, of the responsibility in both time, effort, and money (Global Entrepreneurship Monitor [GEM], 2020; Kwon & Sohn, 2019; Rapp-Ricciardi et al., 2018; Rauch & Frese, 2000). In addition, expansion of an existing firm is also considered entrepreneurism (GEM, 2020).

More recently, entrepreneurship is addressed and researched as a mindset and not confined to the rigidity of being an individual who starts and/or expands a business (Chandler, 2019). Chandler (2019, p. 2) explains the fluidity of the definition:

"If we look for a suitable term for the person that is responsible for small enterprises, then many emerge. Many of the terms indicate a particular interest or activity in the business, such as entrepreneur, owner and manager. However, these activities can be combined, and likewise, the terms are also combined so we have: entrepreneur-owner, entrepreneur- manager, owner-manager and even entrepreneur-owner-manager. A true entrepreneur is looking for opportunities and making a difference. In other words, it's about finding something new and applying it to a market, identifying a need and filling it."

Entrepreneurs contribute to their local economic growth by being the conduit that moves resources from one use to another, usually turning that resource into something even more useful in the process (Chandler, 2019; Rauch & Frese, 2000; Staniewski & Awruk, 2019; Szirmai et al., 2011). Entrepreneurs do this by completing a variety of 'cost-discover', 'gap-filling', and 'input- completing' functions in the economy and by supporting structural change in the long-term (Szirmai et al., 2011, p. 3). Entrepreneurial benefits are not confined to local growth, but much more recently, and, to a large extent, exporting has been seen as a major opportunity for small businesses (Love & Roper, 2015; Namiki, 1988). There are many factors for this dynamic shift, including the multiplying competition in the local market, continued development of new and emerging markets, and decreased differences in international markets (Goncalves et al., 2015; Namiki, 1988). Studies have found that with small and medium sized enterprises (SMEs), there is a strong positive correlation between growth and exporting and also between innovation and exporting (Golovko & Valentini, 2011; Love & Roper, 2015).

Innovation and intellectual development have been built into our culture and are defined as the "commercialization" of a new product or invention and can lead to the start of new industries. (Rothaermel, 2021) Typically, these industries follow a lift-cycle that has five stages: introduction, growth, shakeout, maturity, and decline. (Rothaermel, 2021) This life cycle is like the biological system where an organization experiences birth, growth, maturity, deterioration, and death. (Abatecola, 2013) Throughout the life cycle, organizations are dependent on the outside environment as they go through the stages. "The key factors toward survival (or failure) of small businesses and new ventures can be associated with different stages of the life-cycle". (Abatecola, 2013) In the discipline of strategic management, industry life cycle, along with the crossing-the- chasm framework play a role in how innovation is managed. Innovation can drive the process and an effective business strategy will provide the organization with a competitive edge (Rothaermel, 2021).

When it comes to strategy, Rothaermel (2021) defines it as "a set of goal-directed actions a firm takes to gain and sustain performance relative to competitors". Strategic management creates a strategy to align and organizations internal strengths and weaknesses with its external opportunities and threats (SWOT analysis) (Sascha Kraus, 2009). The management aspect of strategy "combines analysis, formulation, and implementation in the quest for competitive management" and include the following key elements:

- ✓ A diagnosis of the competitive challenge.
- ✓ A working policy to address the competitive challenge.
- ✓ Coherent actions that implement the working policy.

The discipline of strategic management involves making decisions about an organization, small business, or new ventures future and implementing those decisions. Effective managers do not formulate strategy without thinking about how to implement it and are constantly analyzing for any change or disruption. It is also stated that the success and failure of an organization is linked to its strategy. A well-thought-out strategy will help the organization achieve competitive advantage. Competitive advantage may be defined as superior performance relative to other competitors in the same industry or the industry average.

## LITERATURE REVIEW

### Gender and Corporate Governance

The role of corporate governance in an organization includes having a clear strategy and that strategic goals are pursued "successfully and legally" (Rothaermel, 2021). Corporate governance includes policies, processes and procedures in place that will help to direct and manage and organization. When issues arise within an organization, there are checks and balance in place to address these issues. In most organizations, a board of directors is appointed to represent shareholders and is the "centerpiece of corporate governance" (Rothaermel, 2021). Some organizations have shareholders who are stakeholders and help indirectly affect governance and have a responsibility to appoint directors to the board.

Many standard incentives offered are designed considering the motivating factors of top corporate executives in companies, which are often male or existing within male-typed industries. Male- typed industries are those that are historically male-dominated (management, STEM careers, sales, etc.) as opposed to female-typed (nursing, teaching, etc.) (Ross-Smith & Huppatz, 2010). While the populations of male and female workers within individual companies are reaching parity, the traditional corporate culture that these industries were born in (their gender type) has set a standard that is hard to overcome. In addition, while the populations of many organizations are reaching parity, a bulk of the support roles and middle management have most of the female representation, while top executive spots remain dominated by men (Gorman & Kmec, 2007).

There is a strong correlation between the proper implementation of rules and procedures in a corporation for determining the success and failure of a corporation, and eventually impacting the birth and death of entrepreneurial ventures and small businesses. When there is a lack of "robust corporate governance procedures there is the potential to provide an environment for exploitation of corporation by executives who may have criminal inclination" (Mugarura, 2016).

One study examined the gender differences in performance evaluations in male-lead teams and female-led teams (Cabrera et al., 2009). It was found that when the team in a strongly gender- typed industry is being evaluated, and the leader of that team matched the gender-type of the industry that they were in, their team experienced a more favorable evaluation. Furthermore, it has also been found that female leaders can be held to a lower standard than their male counterparts, which in turn leads them to lower performance evaluations (Ridgeway, 1997).

The principal-agent problem is addressed by corporate governance when these two come in conflict. Incentives may be a way to create moral hazard and having solid policies and procedures in place should minimize these situations. An example of poor corporate governance occurred in the early 2000's, when accounting scandals bankrupted large business such as Enron and WorldCom. The reason for this is that these companies did not have strong corporate governance and their board of directors waived too many

rules. When corporate governance is strong and you have ethical business practices, this leads to financial capability for the organization (Chen, 2021).

A large portion of research has been done to examine the success of female CEOs and similar level executives. Female CEOs tend to be more risk-averse and cautious on average (Belot & Serve, 2018), which leads to lower firm profit than their male counterparts. The authors examine many critical gender differences between male and female leaders, which is important information to consider as we determine how effective certain incentives are between the sexes. Not only are women more risk-averse, but they are also less competitive and more cautious (Belot & Serve, 2019), which results in a much different approach to business strategy, including decisions about performance incentives.

The authors also highlight that there are clearly identifiable gender-based ethical decision-making behaviors. Men are more likely to be competitively aligned, while women tend to downplay competitiveness and prefer approaches that ensure fairness and preservation of relationships (Belot & Serve, 2019). These differences in behavior inform us of the root motivation for each sex, which predicts the effectiveness of different approaches to incentivizing performance.

**Organizational Design**

The organizational design of a business is critical for the achievement of the company's strategy and goals. It can be defined as "a set of formal tasks, authorities and responsibilities to be discharged by the individual employees and structural units of the company on the one hand and set and management standards of the hierarchy levels and efficient employee coordination systems on the other hand" (Chokheli, 2015). Effective organizational design will ensure good communication, increased productivity, and inspired innovation. "Poor organizational design often results in, among other things, confusion within roles, a lack of coordination among functions, and failure to share ideas" (Luebke, 2011).

Organizations invest large financial amounts in programs to increase performance inside their company every year. Regardless of the accepted knowledge that intrinsic motivators can have a stronger effect on performance than these extrinsic motivators do (Deci, 1971), performance bonuses and incentives are commonplace at many firms (Willis et al., 2018) today. They are part of the expectation for positive performance, especially in higher roles of service organizations as part of organizational design. As we begin to turn our attention toward gender issues as they relate to corporate performance incentives and organizational design, it is important to recognize how gender affects the very foundation of many of these programs, and eventually the birth and death of small businesses and new ventures.

Research identified four components that worked to help businesses achieve sustained "bottom- line results" – strategy, culture, structure and execution (Nohria, 2003). Organizational design has been demonstrated that it can "significantly impact competitive advantage" and is the job of the executive team, "whose main focus must be creating and articulating a well-tuned strategic direction" (Molloy, 2003).

Of the four management practices mentioned above, structure has been identified and most effective when an organization does the following:
- ✓ Eliminate bureaucracy
- ✓ Simplify the environment
- ✓ Promote knowledge sharing
- ✓ Acknowledge talent
- ✓ Establish functional systems that share information (Molloy, 2003)

When businesses use these practices to implement their organizational designs and procedures, they position themselves for sustainability and competitive advantage.

Besides, studying Hofstede's results indicated interesting differences between various country's cultures, which would undoubtedly lead to misunderstandings, ineffective communication, or negative impact depending on how interactions across cultures are intended versus received. For example, Asian cultures scored high in Power Distance and low in Uncertainty Avoidance (Hofstede, 1980). There are no countries that scored low in Power Distance and were Collectivist – meaning, Collectivist societies are more accepting of uneven power distribution (Hofstede, 1980). The United States scored middle in Power Distance and very high in Individualism (Hofstede, 1980). This disparity between Asian cultures and

Americans is an important one to note, as China continues to emerge as a world power and continues to invest in and integrate with the United States.

Americans feel justified in acting in their self-interest more than Asian cultures – who value sacrifice as a benefit to society (and who may not even view "sacrifice" the same way an American would). Additionally, Asians expect and value a greater level of loyalty between the employee and the company (Hofstede, 1980). Americans also have a high level of Masculinity, which explains why performance, achievement, and profit are valued greatly in the United States (Hofstede, 1980). Americans are easier to motivate if their outcome is high achievement (which is a personal gain). Americans also scored relatively low in Uncertainty Avoidance, which is associated with more willingness to accept risk (Hofstede, 1980).

Latin and Mediterranean countries tended towards greater Power Distance, and leadership is more effective in these countries when less participation between superiors and subordinates is required, unlike in the United States, for example (Hofstede, 1980). In Scandinavian countries, as well as Germany, and Israel – which score low on Power Distance - management models tend to require even greater levels of interaction and subordinate participation in decisions (Hofstede, 1980). Scandinavian countries scored higher in Femininity than Masculinity, unlike the United States, and have more complex decision-making structures as a result of this (Hofstede, 1980). Masculine societies communicate with a preference for determining facts (as understood by those who defined them) and making decisions based on these facts (Hofstede, 1980). Scandinavian decision- making values intuition and concurrence, which can make the decision-making process longer, but ensures buy-in through consensus (Hofstede, 1980).

Other cultural aspects to consider while understanding the birth and death of small businesses can be many. For example, in their work, McGregor & Doshi (2015) referenced a previous study that determined the six main reasons people work. People may work because they enjoy the work itself; this is called "play." People may work because the outcome of the work is meaningful to them, which is called "purpose." Alternatively, people may work because completing the work will enhance or benefit them somehow, and this is called "potential." These three motives are considered "direct motives," and their presence in a person's experience of their work increases their engagement and performance.

There are also three indirect motives that tend to have the opposite effect. These are emotional pressure, economic pressure, and inertia. People may work because external factors make them feel obligated to, such as fear, pressure, or need to earn money, or people may be affected by inertia – continuing to work without reason at all (McGregor & Doshi, 2015).

McGregor & Doshi (2015) calculated total motivation and graded various company processes to quantify how much poorly designed versus excellent process impacted employee motivation. This study demonstrated that organizations could improve their business processes to increase employee motivation and engagement. To improve these processes, the three direct motives need to be maximized, and the three indirect motives need to be minimized. Because economic pressure is an indirect motive, it makes sense that McGregor & Doshi (2015) found sales commissions tended to decrease total motivation, with the exception of when the employee believed their work helped their customers. What McGregor & Doshi (2015) found was that monetary incentive was not a good motivator.

**Organizational Culture**

Joseph Schumpeter pointed out a century ago that entrepreneurs are often innovators, bringing new goods and technologies to markets, opening up new markets, processes, and ideas, and commercializing new knowledge. But, it is often mistakenly suggested that the innovation culture by entrepreneurs is less important for growth in low-income developing countries than in more advanced economies. Organizational culture is a key factor in the way individuals outline objectives, tasks, and resource. When an organization has a strong culture, this makes it easier on leaders to engage employees to execute task related to the organization's strategy. The values of an organization "define what is considered important" and are guiding set of principles that help employees to achieve the mission and vision of an organization (Rothaermel, 2021).

As business becomes increasingly competitive, managers are looking for ways in which they can motivate their employees to become efficient and effective while maintaining a balance of satisfaction in

the workplace. There has been much research into finding out what motivates an individual, and it can become complicated by a diverse workforce. Workplaces are made up of people from different genders, backgrounds, socioeconomic upbringings, religions, temperaments, and personalities. All of these experiences create a unique perspective for that person and help define the values they hold. This is often referred to as a person's culture: the values and perspectives they believe in (Emery & Oertel, 2006). Managers should take a person's culture into account when trying to understand what motivates them in an organizational environment. The success of motivational tactics may vary based on the culture of the employee to be motivated. Leadership, if they are trying to motivate employees to maximize the outcomes of the organization, may benefit from specializing their style to account for potential cultural differences between diverse employees.

There has been extensive research done on the effect of corporate culture in an organization. "For example, after researching 207 companies within 22 industries between 1977 and 1988, John Kotter & James Heskett discovered that corporate culture affects economic performance." (Huang, 2013) This research showed that a company had a competitive edge when its organization culture does the following:

- ✓ Emphasis is placed on the customer, investor, and employee.
- ✓ Culture fits its business environment.
- ✓ Culture can adapt to change.

Geert Hofstede's (1980) study "Motivation, Leadership, and Organization: Do American Theories Apply Abroad?" is still frequently cited because of its vast inclusion of 40 different countries and its categorization system which ranked different cultures based on four categories: their levels of Power Distance, Uncertainty Avoidance, Individualism-Collectivism, and Masculinity-Femininity (Hofstede, 1980). This examined the relationship between societal culture and work-related values (Brewer & Venaik, 2011), and research has been based on Hofstede's findings that people from different backgrounds hold different values concerning organizational behavior and relationships.

Similarly, albeit with a smaller group of varying cultures, DeVoe & Iyengar (2004) studied the differences in how managers of North American, Asian, and Latin American cultures perceive their employees' motivation source to be either intrinsic or extrinsic, and compared those results to employees perception of their own motivation to be intrinsic or extrinsic, and correlated those results to performance appraisal, and potential for reward reception as a result of highly-rated performance (DeVoe & Iyengar, 2004).

Power distance has to do with how much inequality is acceptable among people when it comes to money, authority, and social standing. It serves as a measure of a peoples' acceptance and respect for power. Two countries ranking highly on the high-power distance scale are India and China. There is a caste system in India a person is born into, and most people who are low on the caste system remain there as they do not get the same type of opportunity as people born into a high caste system. In China, many powerful people try to increase and maintain their power difference. There is a big equality gap, and it is culturally widely acceptable (Emery & Oertel, 2006). Weaker Power Distance levels are associated with societies that believe inequity of power is not a necessary and innate part of life. Lower Power Distance indicates a culture that strives for equality where superiors and subordinates are more or less the same. Greater Power Distance culture accepts inequality as a part of life and believes that powerful people deserve more privileges than less powerful people (Hofstede, 1980).

Uncertainty-Avoidance is how fearful people are of unknown people or ideas. The dimension is related to anxiety and the need for security. People with the need for high Uncertainty Avoidance have been shown to reduce the need for creativity because they are afraid of possible failure. They also tend to have higher loyalty and stay employed for the same company for a longer amount of time. People with low Uncertainty Avoidance can be successful in unstructured situations and are more tolerant of change (Emery & Oertel, 2006). Weak Uncertainty Avoidance cultures do not hold hard work as a virtue; they are associated with lower levels of nationalism, ideally have as few rules as possible, and believe uncertainty in life should be accepted (Hofstede, 1980). Cultures with strong Uncertainty Avoidance believe the uncertainty in life should be fought, have an inner urge to work hard, and prefer working constrained within written rules and regulations (Hofstede, 1980).

Individualism versus Collectivism is a measure of how people see themselves as independent from their external environment (Individualism) or a part of a greater whole (Collectivism). Asian cultures score very high on Collectivism, whereas the United States scored the highest on Individualism compared to all 40 countries studied, followed by Australia, then England (Hofstede, 1980). Western cultures tend to have higher Individualism than Eastern cultures, which leads to Western employees believing they are looking out primarily for themselves and that decisions ought to be made for an individuals' best interests. Collectivists tend to value loyalty and have a more emotional dependence on their surrounding community, be it a work community (Hofstede, 1980).

For example, most people in American score high on Individualism, where there is an emphasis on career growth and individual decision making. Americans are encouraged to forge their own path, while other societies and cultures with lower Individualism, individualistic thinking can come across as selfish. People who score lower on Individualism tend to have lower career aspirations and are more emotional and morally involved in their company (Brewer & Venaik, 2011).

As entrepreneurship continues rising to become a more prominent part of the economy across the country, social science and business scholars have done many studies in hopes of explaining the culture of entrepreneurship and to elucidate the different factors responsible for achieving positive entrepreneurial outcomes (Ciavarella et al., 2004; Hurtz & Donovan, 2000; Leutner et al., 2014; Mitchell et al., 2007; Owens, 2003; Rauch & Frese, 2000; Staniewski & Awruk, 2019). For example, past research has proven that an entrepreneur's and small business owner's values and belief systems have a strong impact on the business's mission, vision, executive decisions, and overall system of culture because, more often than not, the venture's mission and values are indistinguishable from those of the entrepreneur's and the small business owner's (Balog et al., 2014; Kotey & Meredith, 1997; Gursoy et al., 2017).

## STRATEGIC LEADERSHIP

Organizations, small businesses, or new ventures may be led by different types of leadership. In the discipline of strategic management, leadership is the role a leader plays by managing the strategic process. The vision, mission and core values of the organization should play a role in the strategic process and be the foundation of strategic leadership. "Executives whose vision and decisions enable their organizations to achieve competitive advantage demonstrate strategic leadership" (Rothaermel, 2021). Strategic leaders recognize that having a solid corporate governance and business ethics is strategic to "sustain a competitive edge" (Rothaermel, 2021).

While discussing the role of strategic leadership in maintaining strategic competitiveness and global competence, Ireland & Hitt (1999, pp. 64-71) define the need for strategic leadership as:

> "Insightful top managers recognize that it is impossible for them to have all of the answers, are willing to learn along with others, and understand that the uncertainty created by the global economy affects people at the top as well as those lower down in the organization. The global economy, more than any other factor, has created the need for the top management team to effectively exercise strategic leadership in organizations. The most effective strategic leadership practices in the 21st century will be ones through which strategic leaders find ways for knowledge to breed still more knowledge."

The principles of strategic management provide a framework for strategic leadership and effective corporate governance but there is lack of focus on the emotional aspect of individuals when it comes to leading (Deliu, 2019). "Research has shown that the difference between outstanding and average leaders lies in the emotional determinants, and not intellectual shrewdness." (Deliu, 2019) Further look at the research shows that personality traits of leaders play a role in the success and failure of companies (Judge, 1999). Career success has been linked to many "human capable attributes" such as education, training, experience and now there is further research to show that success or failure of companies is linked to an executive leader's personality attributes (Judge, 1999).

Research has shown the difference between exceptional and average leaders can be found in "emotional detriments, not always intellect. Empathy is defined at the ability to "experience, relate, and share views, beliefs and emotions" (Deliu, 2019). It is linked to solid corporate governance where "governance is an integrative approach" and not only about policies and procedures, but also about the people.

The theories of strategic management have five steps – leadership, formulation, execution, integration, and innovation. The visionary leader is how strategic management begins and those companies that embrace empathic leaders, are innovative (Deliu, 2019). Research into empathetic leadership allows the leader to determine where the individuals they are trying to reach, are reached. This will allow for the leader to determine the effect that have on the core audience (Deliu, 2019).

Monnot's (2017) research sets out to determine how intrinsic and extrinsic incentives affected peoples' motivation and how those results varied between different cultures. Examples of sources of intrinsic motivation were considered those that met basic psychological needs (Monnot, 2017). These basic needs included positive relationships employees have either with their colleagues or managers that could fulfill relatedness. Autonomy was the antonym of servitude – the idea being that when people feel independent in their work, they feel dependable, capable, and valuable (Monnot, 2017). Competence represents the pride and self-confidence that people feel from doing their job well (Monnot, 2017).

In studying incentives and how they impact peoples' motivation, intrinsic incentives were those that could satisfy those three basic needs, and extrinsic incentives were related to outside of self – namely economic incentives in the form of job security and income (Monnot, 2017). Some of Hofstede's findings were reproduced between Eastern cultures and Western cultures, which were pinpointed as having differences stemming from Individualist versus Collectivist value systems. Individualist cultures were more motivated by the intrinsic incentives that satisfied their basic psychological needs, and Collectivist cultures were also motivated by intrinsic incentives; however, they were additionally motivated by the extrinsic incentives (Monnot, 2017). These results may justify why some previous research, conducted in the United States, often obtain results demonstrating that economic incentives do not correlate with greater intrinsic motivation or professional engagement.

In terms of overall leadership, the strategic environments of small businesses and new ventures, including the internal and external environments, can also play a huge role in impacting the overall maturity and decline of these organizations. Most importantly, from an external environment perspective, strategic leadership does interplay with external entities such as regulatory agencies, government bodies, and economic organizations. For example, the political environment is based on the nature and extent of government intervention and influence, including tax policies, environmental laws, trade restrictions, and the stability of the surrounding political environment. Political factors play a substantial role in determining the factors that can impact the long-term profitability of small businesses and new ventures in a certain country or market. In order to diversify the systematic risks of the surrounding political environments, small businesses and new ventures can closely analyze the following factors before entering or investing in a certain market:

- ✓ Pricing strategy – Pricing regulatory mechanisms for services provided
- ✓ Federal taxation – Importing and exporting taxation on costs incurred
- ✓ Wage legislation – Controlling overtime and regulating hours worked
- ✓ Work rules – No more than 40 hours a week unless absolutely necessary
- ✓ Mandatory employee benefits – Large organizations need incentives for competent employees

Some micro-environment factors and variables such as perfect competition, perfect monopoly, duopoly, oligopoly, and bylaws and rulings also do impact the competitive advantages and the overall competitiveness of small businesses and new ventures. These undertakings could possibly use some country economic factor data such as economic indicators, and inflationary data points such as consumer spending to forecast their long term growth. A few economic environment factors that can play a key role in the birth and death of small businesses and new ventures may include:

- ✓ Education levels and backgrounds of employees in the company
- ✓ Exchange rates & stability of the incumbent currency

- ✓ Productivity of financial markets – ability to raise common and preferred capital to expand operations
- ✓ Infrastructure quality relationships in America and Europe
- ✓ Comparative advantages of host country and the nature and feasibility of services sector in that particular country
- ✓ Skill level of workforce in the incumbent industry
- ✓ Non-Communism government interference – Free market interference

The broad-spectrum and traditionally general environment of small businesses and entrepreneurial ventures and startups has been evolving into one of the more significant external environment structures of the overall industry. Some common examples of this environment may include natural or manmade catastrophes, ongoing climate changes, changes in energy consumption regulations, and changes in universal attitudes towards the environment. It could be possible that some ventures and startups may make an executive decision, purely based on the general environment, of whether or not to build a new building in an emerging economy in West Africa or in a mid-sized weather-intensive city such as Milwaukee, Wisconsin. Executive Leadership making these big decisions must use their informed judgements about locational profitability and the risk appetite of these businesses and the strategic impact of supply chain disruptions and global logistical uncertainties. The following points may be beneficial in understanding how startups and new ventures and small businesses may consider the traditional general environment to accomplish their strategic objectives, and to consider their maturity and decline from a 360-degree standpoint:

- ✓ Global weather changes in major corporate divisions
- ✓ Laws regulating environment pollution
- ✓ Air pollution laws in different economies
- ✓ Recycling to encourage environmental friendliness
- ✓ Waste management policies and bylaws
- ✓ Extent of environmental degradation and damage

On the state-of-the-art high-tech forefront, the overall technological and digitized environments of small businesses and startups and entrepreneurial ventures, primarily for R&D activities, automation, innovation, technological incentives, and the rapidly increasing rate of technological changes and disruptions can be conspicuous and very influential in determining their rise and fall on a continual basis. Rapidly evolving and condensing manufacturing cycles, intense global technological environments, and changing innovative styles can impact small businesses from a variety of angles and inflection points. Some perspectives to consider may include:

- ✓ Overall nature of competition and their new innovative styles
- ✓ Product offerings, such as new products based on what competitors are doing
- ✓ Cost-benefit analysis of research and development structure
- ✓ Technological transmission growth rate
- ✓ Supplier organizational structure and comparison with competitors
- ✓ The successful implementation and experimentation of digital currencies (Bitcoin, Litecoin, Dogecoin, XRP etc.)

**Individual Personality Traits and Theoretical Linkages**

When firms are putting forth initiatives to change employee behavior, or motivate their employees to increase performance levels, there is often discussion and planning about what the leadership team can do to generate change. Alternatively, leadership can focus on how to improve company culture to ensure it's an environment that encourages creativity and autonomy. Role restructuring can be conducted to empower employees, help them to work more efficiently, and eliminate burdensome dynamics. Research has historically contemplated what external forces are able to drive employees to feel motivated at work (Chamorro-Premuzic, Garrad, & Elzinga, 2018); however, the innate character of the employees themselves ought to be considered. Personality type is a great contributor to how engaged and motivated people are in their work.

The upper echelons theory, as presented by Hambrick and Mason (1984), is that "executives' experiences, values, and personalities greatly influence their interpretations of the situations they face and, in turn, affect their choices" (Sukhwal, 2017). Regarding strategic management and leadership, this theory is a "conceptual framework that views organizational outcomes as reflections of the values of their top management" (Rothaermel, 2021). Personality are measurable traits and the Five-Factor Model (FFM) of the "Big 5" measures these traits on a spectrum. The five core factors of the Big Five include the following (Leutner et al., 2014):

✓ Openness – an individuals' range of interests and may indicate how innovative or rigid they are in their beliefs.
✓ Conscientiousness – the extent to which an individual is responsible and achievement oriented.
✓ Extroversion – the extent to which an individual is comfortable with other people.
✓ Agreeableness – the extent to which an individual suppresses their interest for the sake of the group.
✓ Neuroticism – the ability of an individuals' ability to withstand stress.

The Big Five has been used in research as a tool to assess executives' personality, strategic management, and change when it comes to success and failure of an organization of business (Sukhwal, 2017). Entrepreneurs with personalities that enhance their ability to perform in various situations should have a greater probability of sustaining the operations of the venture for the long- term when compared to entrepreneurs with personalities that are not suited for venture ownership.

Chamorro-Premuzic, Garrad, & Elzinga (2018) quantified how much a person's innate characteristics contribute to their work ethics. Their findings determined that about half of an employee's motivation as work is attributed to their personality (Chamorro-Premuzic et al., 2018). The four personality traits that stood out as a recipe for an engaged employee were: positive affect, proactivity, conscientiousness, and extroversion (Chamorro-Premuzic et al., 2018).

Further personality research has been conducted using the five-factor personality evaluation model. The five factors considered are Neuroticism – a measure of emotional stability – high Neuroticism is an indicator of high stress and anxiety, Extraversion – the tendency to be outgoing, but also positive, Openness to Experience – a measure of how inventive, open to alternatives an individual is, Agreeableness – a person's tendency honest, reliable and sincere, and Conscientiousness – the ability of a person to value high achievement and performance (Judge & Ilies, 2002).

This meta-data analysis concentrated on how personality relates to motivation, and the results indicated that higher levels of Neuroticism were negatively correlated with these motivations, and therefore is a negative attribute to performance. Conscientiousness indicated a positive correlation with motivation (Judge & Ilies, 2002). Extraversion, Openness to Experience, and Agreeableness did not demonstrate a strong correlation with motivation (Judge & Ilies, 2002). Of all the five factors, Neuroticism and Conscientiousness were the most clearly linked to motivation.

Some further research found differences in motivating factors between employees classified as extroverted versus introverted. Extroverts were shown to be more responsive to motivation and had more positively correlated responses to incentive-based motivation, whereas introverts responded better to punitive measures (Furnham et al., 2009).

Despite correlations between personality characteristics and work engagement, Chamorro- Premuzic et al. (2018) warned against increasing employee motivation through the method of trying to hire people demonstrating these specific personality traits. Although it appears to be a sure way to increase employee motivation by about fifty percent, the benefits associated with hiring on a specific type of personality would be outweighed by the harm of creating an organization lacking in cognitive diversity (Chamorro-Premuzic et al., 2018). The most creative and innovative people are likely not to have the most agreeable personalities, and some of their added value to the organization is the negative feedback that offers opportunities to improve leadership and processes (Chamorro-Premuzic et al., 2018).

According to the upper-echelons theory, excellent strategic leaders come from innate abilities to adapt and learn. This process can be seen through leadership progression as demonstrated in the Level-5 leadership pyramid. Individuals, corporate or entrepreneurs, move from Level 1 to Level 5 in their

progression from highly capable individuals to executives (Rothaermel, 2021). Individuals who are looking to be strategic and ethical in their leadership, should study the areas of growth required to move through the leadership pyramid.

Upper echelons theory tells us that an organization's performance is driven by the characteristics of its top executives (Hambrick & Mason, 1984). Strategic choices and plans are initiated by this top executive team, which would include decisions about what types of incentives to offer. When managers are designing and deciding on incentives, they will naturally think from an ego-centric perspective regarding what would be a motivating incentive for them. Because many top-level executives are male, the perspective of what might encourage and incentivize female workers may be underrepresented.

## Entrepreneurship and New Venture Management

The fields of entrepreneurship and strategic management are considered independent of each other but intersect at the shared focus of "adapting to change and exploiting opportunity" (Kraus & Kauranen, 2009). When comparing small and medium size enterprises to larger organizations, the value of strategic management has been questioned to be effective. The success of any company, regardless of its size, is depended on finding a competitive edge. A larger organization may use the strategic instrument, such as the SWOT analysis. This can also be use in small and medium size enterprises too. The standard strategic management tools don't always work the same for all organizations - large and small.

One component of strategic management that is shared amongst all organizations, at least for the most part, is the strategic business plan. Whether these are the ideas of the entrepreneur or a more formal plan of a larger organization, this is some form of planning. The business plan is the overall strategy and forward-looking strategic action in some formal documentation. Research has shown that those companies that have a business plan are six times more likely of "actually founding" and have been associated with the success of businesses (Kraus & Kauranen, 2009). In application to entrepreneurship, Lortie & Castogiovanni (2015) state that "Entrepreneurship is an intentional process in which individuals cognitively plan to carry out the behaviors of opportunity recognition, venture creation, and venture development."

Leutner et al. (2014) found that the Big Five personality traits significantly correlated with many entrepreneurial outcomes in a study about the relationship between entrepreneurial personality and individual traits. From a sample size of 670 participants from varying walks of life (48% were employed, 7.6% were unemployed, 31.5% were students, and 27.5% were self-employed), extraversion and agreeableness more accurately predicted entrepreneurial accomplishments and behaviors and actions. Leutner et al. (2014) concluded that an individual possessing certain personality traits tend more towards entrepreneurial success, and interestingly enough, this applies not just to entrepreneurs but to employees as well. This adds value to the intentions of entrepreneurs when deciding if starting a business is their best option, or perhaps what soft skills that individual may need to enhance.

In an interesting viewpoint on the Big Five personality traits, Simha & Parboteeah (2019) investigated the relationship between willingness to justify unethical behavior and three Big Five personality traits - conscientiousness, agreeableness, and openness to experience while studying the moderating effect of four cultural dimensions - institutional collectivism, humane orientation, performance orientation, and assertiveness. With a sample pool from over 20 countries, 38,655 participants were surveyed from the World Values Survey Group. Simha & Parboteeah (2019) found that conscientiousness and agreeableness had a negative relation to possessing a willingness to justify unethical behavior. This has strong and direct implications for the birth and death of entrepreneurial ventures and small businesses and impacts entrepreneurial behaviors and outcomes because agreeableness and conscientiousness are both positively related to positive entrepreneurial outcomes and accomplishments and to long-term venture survival. Some general examples of entrepreneurial behaviors and outcomes include innovation, networking and forming ties that will be beneficial in the future, and recognizing opportunities, actual venture creation, investment, and new venture development (Lortie & Castogiovanni, 2015).

To be put in terms of a true Alaskan perspective, the entrepreneurs and small business owners in Alaska have a negative, or generally low perception of behavioral control, as reported by the Alaska Small Business Development Center (Alaska SBDC, 2020), and in relation with the theory of planned behavior (Ajzen,

2002, 1991). Due to state and local economic concerns, entrepreneurs are vividly aware of the current obstacles present in the state and this is observed because the intent to hire new employees in 2020 dropped more than 9% from the previous year, denoting some real caution and perhaps slower-to-no growth and advancement, mostly because those obstacles ran out of the control of the small business owners. In this instance, the low perceived behavioral control was seen predominantly due to an unstable economy and a small collection of well- qualified workers and human capital (Ajzen, 2002, 1991; Alaska SBDC, 2020).

Bittner (2020) asserts the concern of Alaskan entrepreneurs and small business owners, saying "this year, those perceptions have flipped [as compared to a positive outlook in 2018], with the majority [of businesses] holding a negative outlook" and explaining that from feedback from Alaska businesses, "finding qualified employees was also a top concern. The fact that these issues are still top barriers to business for the third year indicates they are deeply entrenched and resistant to external changes making them difficult to address" (Alaska SBDC, 2020, p. 1). Because of this distrust and hesitancy, the perceived behavioral control of Alaskan entrepreneurs has been clearly not positive.

Alaska's overall entrepreneurial activity differs from those of the typical U.S. trends in several situations and has not been often the subject of recent studies focused specifically on the region. To adequately understand the entrepreneurial opportunities available in Alaska as compared to the rest of the United States, it is important to provide an overall comparison with some real numbers and data. Of all businesses in Alaska, 99.1% are categorized as small businesses and provide over 141,000 jobs, coming in at 53% of the state's employment, while the national average for the same number being 47.3% (SBA, 2020, 2019).

Despite this data point, the unemployment in Alaska is almost double that of the national average, and private sector employment has dropped for the most part in a skewed manner – a trend that is just the opposite of that of the nation. And perhaps one of the most important points, the net jobs for Alaska has been in the red, at a loss of over 794. The net jobs for Alaska have been volatile for many years in a row. This all comes together to shape a picture of Alaska's need and opportunity for new and expanded entrepreneurial activity based on the lack of employment as compared to the rest of the United States.

Unfortunately, because of several factors and barriers to success, the viewpoint of Alaskan entrepreneurs about the future of the local and state economy, and ultimately the ability for success, has risen from 21% in 2018 to 35% in 2019 (Alaska SBDC, 2020). The top five reported obstacles to success for entrepreneurs in Alaska are operating costs, finding funding, shipping costs, finding qualified employees, and the economy as a whole (Alaska SBDC, 2020). The presence of these obstacles shape and define the behaviors of the entrepreneurs that are faced with those hurdles. In addition, it is evident that Alaskan entrepreneurs also show some evidence of distrust of individuals as defined by their attitudes toward behavior in showing caution when looking to hire employees. With higher distrust comes higher hesitancy in hiring an employee that is relatively or completely unknown to the employer, which has been evident in Alaskan businesses for quite some time now.

## DISCUSSIONS AND CONCLUDING ARGUMENTS

The primary research questions that guided this review paper was: As a discipline, can strategic management likely be considered accountable for the birth and death of organizations, small businesses, and new ventures, and are certain personality traits of individuals more responsible for promoting such actions than others?

The findings of this qualitatively descriptive and research review study showed that the success and failure of organizations can be attributed to how a company uses the tools and framework of strategic management effectively. It can also be attributed to the personality traits of an organization's leadership, its organizational design, and the overall culture of the company (Leutner et al., 2014).

The benefits of strategic management may be both financial and non-financial in nature. When an organization, small business or new venture has a defined process or plan in place for managing its strategies, this will help with the keep pace with other companies. Strategic plans are always evolving and changing to maintain a competitive edge by continuously monitoring and testing organization activities.

Organization culture may determine the success and failure of a business and plays a key role in the strategic management process (Tucci, 2020). When an organizations culture is strong, its leaders are more easily able to motivate employees to follow through with tasks that align with the organizations strategic plan. When there is shared responsibility and all levels of management are included in the decision-making process, the strategic process should allow for this.

Personality traits play a role in the success and failure of organizations and small businesses and new ventures when it comes to effective leadership. Some research shows that organizations need to invest in "empathetic capital" to handle issues related to organizational culture, work/life balance, and stress within the company. When there is a regular/daily practice of putting the well- being of others first, this reflects positively in business relations.

The discipline of strategic management has an organizational birth and death life-cycle mechanism that influences small businesses and new ventures, just like living organisms have life-cycle mechanisms. During this life-cycle, organizations can be impacted by many different external and internal factors. Personality traits, of employees at all levels, have a strong effect on the success and failure and overall strategic management of an organization (Lortie & Castrogiovanni, 2015).

There has been much research done on how to prolong desired stages of small businesses, such as in the beginning and through maturity, and to stall others, such as decline and death. When entrepreneurs and managers can recognize where their organization is along the life-cycle, and adopt strategies that works with that cycle, they can position themselves for competitive advantage.

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