Analyzing the impact of entrepreneurial traits on business growth: A study of start-ups in Elbasan, Albania

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Abstract The popularity of entrepreneurship is on the rise, attracting individuals interested in developing their business ideas. However, not everyone possesses the requisite entrepreneurial mindset. Among the myriad factors influencing business growth, having an entrepreneurial mindset stands out. This paper aims to investigate the relationship between an entrepreneurial mindset and start-up growth, along with discussing implications for the future development of entrepreneurial mindset traits. There is a clear need for new strategies to foster an entrepreneurial mindset and thereby enhance the likelihood of successful entrepreneurial endeavors. This research employs a comprehensive methodology, integrating both qualitative and quantitative data sourced from primary and secondary sources. Central to the methodology is the Entrepreneurship Competence Framework, which underpins the questionnaire utilized in this study. Participants in the questionnaire were start-ups in Elbasan city, Albania. The findings affirm the positive impact of planning, coping with uncertainty, collaborating with others, and learning through experience on business growth. Making decisions in the middle of uncertainty, ambiguity, and risk involves navigating decisions when outcomes are uncertain or information is limited and employing structured methods to test ideas and prototypes to mitigate risks of failure in the value creation process.

Keywords: competencies, mindset, development

1. Introduction

Entrepreneurship is a pivotal driver of job creation, innovation, and sustainable economic development worldwide. Entrepreneurs play a critical role in fostering business growth, with various factors shaping the entrepreneurial ecosystem, including policy support, financial backing, and entrepreneurship education aimed at inspiring individuals and college students to pursue entrepreneurial ventures (Lu et al., 2021; Balliu et al., 2024).

Aligned with global trends, entrepreneurship and start-ups have emerged as a top priority for the Albanian government, particularly within the framework of its European integration endeavours. The European Commission underscores the need to create a conducive environment not only for business establishment and expansion but also for enhancing the operational landscape for start-ups. The Albania Strategy for the Development of Business and Investments 2021-2027, endorsed by the Council of Ministers, Decision no. 4466, dated 30th July 2021, serves as a strategic roadmap for advancing enterprise and investment activities within the Republic of Albania, with key objectives focusing on SME development, entrepreneurship, innovation, and human capital nurturing.

Addressing the multifaceted challenges inherent in enhancing Albania's business environment requires a comprehensive approach. Efforts to bolster education and competency development initiatives are instrumental in equipping entrepreneurs and workers with the necessary entrepreneurial mindset to thrive in a competitive market. Notably, there has been a significant emphasis on the pivotal role of higher education institutions in fostering individual entrepreneurial mindsets and competencies and cultivating an entrepreneurial society (Pérez-Macías et al., 2022). Consequently, Albanian universities have embarked on various initiatives, including entrepreneurship courses, capacity-building projects, lectures, training programmes, and practical support, to nurture students' entrepreneurial talent.

While previous studies have extensively explored individual characteristics such as gender, personality traits, and family background factors, recent research has underscored the positive impact of an entrepreneurial mindset on enterprise economic growth (Farashah, 2015; Bögenhold et al., 2014; Sambharya & Musteen, 2014; Kristiansen & Indarti, 2004).
However, there remains a notable dearth of research specifically focused on analyzing entrepreneurial mindset and its significance for the growth of start-ups within the Albanian context.

This study aims to bridge this research gap by examining the role of the entrepreneurial mindset, particularly in areas such as taking initiative, daring, dealing with uncertainty, and learning by experience, and exploring its interplay with the growth of start-ups. Specifically, this research seeks to answer the following questions: How can the mindset of a sample of entrepreneurs be measured, and what is its internal composition? Is there a relationship between entrepreneurs’ mindsets and the growth of their start-ups?

1.1. Entrepreneurial mindset definition

Entrepreneurship serves as a multifaceted avenue for personal and social development, employment, and business creation or expansion (Bacigalupo et al., 2016). Particularly for start-ups devoid of competitive advantages, cultivating an entrepreneurial mindset is indispensable. This mindset fosters a propensity toward embracing a growth-oriented perspective.

According to the Oxford University Press (2020), a mindset encapsulates a set of attitudes or fixed ideas that individuals hold, often resistant to change. An entrepreneurial mindset encompasses a blend of traits and abilities enabling individuals to identify opportunities, navigate challenges, and glean insights from both successes and setbacks across various contexts, whether in business or beyond (Lukman & Kah, 2022). Employers adopt an entrepreneurial mindset to ensure the sustainability of their ventures and meet bottom-line objectives. Key characteristics associated with this mindset include determination, a drive to achieve, an orientation toward seizing opportunities, persistent problem-solving, an internal locus of control, tolerance for ambiguity, calculated risk-taking, high energy levels, innovativeness, visionary thinking, passion, and adaptiveness in team-building. As articulated by Bosman and Fernhaber (2018), the entrepreneurial mindset is defined as "The inclination to discover, evaluate, and exploit opportunities." A more widely recognized definition proposed by McGrath and MacMillan (2000) is "The ability to rapidly sense, act, and mobilize, even under uncertain conditions."

While the entrepreneurial mindset can be delineated into dimensions such as exploitation, mobilization, and action, its essence lies in the execution of ideas and innovations (Bacigalupo et al., 2016). Action-oriented behavior and a proactive stance toward opportunities are fundamental components of this mindset. Moreover, its symbiotic relationship with uncertainty underscores its adaptive nature in decision-making processes. The development of creative and purposeful ideas entails entrepreneurs looking for possibilities to generate value out of necessity, determining which user group and which requirements they want to address through value creation (Hazizi, 2023). Hence, within this context, the entrepreneurial mindset is conceptualized as "a set of traits empowering individuals to swiftly recognize, mobilize, and act amid uncertain conditions," thereby constituting a competency conducive to value creation across diverse life domains. To transition from a novice to an expert entrepreneurial mindset, Krueger (2007) suggests the importance of capturing lessons learned, as they serve as the bedrock for ingrained beliefs and deeper insights.

1.2. Business growth and entrepreneurial mindset

Entrepreneurs who possess a strong entrepreneurial mindset tend to achieve greater success in building their businesses (Ausat & Suherlan, 2021). This mindset enables individuals to develop the skills and competencies necessary to effectively manage resources and run a business (Wardana et al., 2020). In their study, Zemlyak et al. (2022) reviewed the literature on the impact of entrepreneurial mindset and competence on the performance of small and medium enterprises (SMEs). Their assessment identified several key components of entrepreneurial competence that significantly influence performance, including opportunity and innovation competence, relational skills, conceptual understanding, commitment, strategic thinking, organizational aptitude, and resource management capabilities.

Furthermore, Jemal et al. (2023) emphasize the importance of entrepreneurial traits such as opportunity searching, creativity, innovation, risk-taking, proactively, and action-taking in SMEs. They highlight the positive impact of an entrepreneurial attitude on fostering these traits and facilitating venture success. Additionally, they underscore the role of networking, collaboration, and supportive ecosystem factors in enhancing SME performance.

The constructed conceptual model, based on the connection between entrepreneurial mindset and competence, underscores the importance of gaining knowledge and skills through education and participation in entrepreneurship programs offered by educational institutions (Zemlyak et al., 2022). This implies that entrepreneurs in SMEs can enhance their success potential by actively engaging in educational opportunities aimed at developing their entrepreneurial mindset and competencies.

2. Methodology

The methodology incorporates several research procedures and methods pertinent to the study’s aims. This study relied on both qualitative and quantitative data gathered from primary and secondary sources. Initially, exploratory research
was designed to investigate unexplored subjects and delve into specific challenges, such as the entrepreneurship mindset. A thorough examination of the most recent literature on entrepreneurs was conducted.

The EntreComp Framework was used to structure the questionnaire, which was subsequently distributed via Google Forms. Factor analysis and regression analysis were the statistical techniques used in this research. The collected data were analyzed and processed using the SPSS statistical program. The results of the descriptive analysis, factorial analysis, and linear regression were generated, enabling the formulation of conclusions and critical recommendations for all stakeholders.

3. Results

3.1. Sample description and data sources

The survey encompassed 72 start-ups that established their businesses in the city of Elbasan, Albania. Approximately 75 percent of the respondents were male, while 25 percent were female. Among them, 62.5 percent have completed a bachelor's degree program, while others have completed a professional master's degree (27.7 percent) or master of science degree (0.98 percent). Nearly all respondents had prior work experience. The majority of enterprises (58.3 percent) have between 1 and 10 employees, 29.1 percent have between 10 and 50 employees, and 12.6 percent have more than 50 employees. The businesses studied include online services (30.5 percent), tech start-ups (20.8 percent), bar restaurants (16.7 percent), consulting offices (9.7 percent), and hairdressing services (22.3 percent).

3.2. Factorial analyses

The respondents in the subsequent sections of the questionnaire were asked to self-evaluate each statement using a five-point Likert scale (1 representing 'do not agree', 2 representing 'slightly agree', 3 representing 'neutral', 4 representing 'agree', and 5 representing 'strongly agree'). The data acquired via Google Forms were utilized for the research outlined in this work. The validation of the entrepreneurial mindset traits was accomplished through factorial analysis. This is one of several statistical approaches commonly used to reduce a large set of interrelated variables to a smaller number of essential and independent variables (Antalyali, 2017; Bryant & Yarnold, 1995).

Table 1 summarizes the results of all tests conducted for the factorial analysis phases for each of the traits in the selected field. The test results reveal that the chosen factors meet all the criteria required to construct the respective factors.

Based on the test results, five traits were generated.

The first factor, titled "Initiative", includes three components:
- I can take individual and group responsibility in value-creating activities.
- I am driven by the possibility of being able to initiate value-creating activities independently.
- I actively face challenges, solve problems and seize opportunities to create value.

"Planning and management" includes the following:
- I can allow for the possibility of changes to my plans.
- I can define the key elements that make up the business model necessary to deliver the value I have identified.
- I can adapt my plans to achieve my goals in light of changes that are outside my control.

"Uncertainty" includes:
- I can actively look for, compare and contrast different sources of information that help me reduce ambiguity, uncertainty, and risks in making decisions.
- I can weigh the risks and benefits of self-employment with alternative career options and make choices that reflect my preferences.
- I can critically evaluate the risks related to the formal setup of a value-creating venture in the area in which I work.

"Working with others" includes:
- I can listen to my end users.
- I can create a team of people who can work together in a value-creating activity.
- I can establish new relationships to obtain the support I need to turn ideas into action, including emotional support (for example, joining a mentor network).

"Learning through experience" includes the following:
- I can judge if and how I have achieved my goals so that I can evaluate my performance and learn from it.
- I am always looking for opportunities to improve my strengths and reduce or compensate for my weaknesses.
- I can filter the feedback provided by others and keep the good from it.
3.3. Regression analyses

Regression analysis was used to explain the relationship between a dependent variable (business development direction) and more than one independent variable using a mathematical model. The general model employed is as follows:

\[ Y_1 = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon \] (1)

Where:
- \( Y_1 \) represents the business development direction (i.e., the change in the dependent variable).
- \( \beta_0 \) is the intercept, \( \beta_i \) represents the coefficients for the independent variables, \( X_i \) are the independent variables representing five entrepreneurial mindset traits according to the results of the factorial analysis.

The regression analysis yielded an adjusted \( R^2 \) value of 67%, indicating that changes in the independent variables moderately affect the change in the dependent variable. In other words, variation in the five traits incorporated into the model explains 67% of the variation in business growth; the remainder is unexplained or due to other sources of variation. The Durbin-Watson value should be between 1.5 and 2.5. For this model, it is 2.105, indicating no issues with autocorrelation. The \( p \) value for the ANOVA report is 0.000, signifying that the regression model is statistically significant and predicts business growth. The relationships between the variables exist in 95 out of 100 situations, according to the results of the coefficient database. Four of the five independent variables have statistical significance. The \( p \) value for the variable “planning and management” is 0.063, which is slightly greater than 0.05 but acceptable up to an alpha of 10%. The \( p \) value of 0.015 for the variable “Uncertainty” is less than 0.05, indicating significance. For the variable “working with others,” the \( p \) value is 0.006, indicating significance. For the last trait, “Learning through experience,” the \( p \) value is 0.043, indicating significance. The difference in the four groups of traits in this study accounts for 67% of the change in entrepreneurship growth. The final regression equation is:

\[ Y_1 = 1.276 + 0.0024 X_2 + 0.0049 X_3 + 0.0032 X_4 + 0.046 X_5 \] (2)

The \( \beta_0 \) coefficient is positive, indicating that even in the absence of these sets of traits, business growth is achieved through other variables outside the model. The average value of enterprise expansion increases by the applicable value of the \( \beta \) coefficient if each of the model’s traits is increased by one unit.

These findings offer valuable insights that can illuminate the pathway for shaping entrepreneurial mindset development. They serve as a guide for entrepreneurs at every stage, from those taking their first steps to the experienced, offering a roadmap for growth through hands-on training and real-world experience. Moreover, these insights are not just for start-ups; they can inspire ideas for local and national bodies in Albania, helping them devise strategies that nurture the entrepreneurial spirit within the entrepreneurship ecosystem.

4. Final considerations and recommendations

This study utilized the EntreComp framework to illustrate the relationship between entrepreneurial traits related to mobilization and action and the direction of start-up growth. The factor analyses confirmed the presence of five key entrepreneurial mindset traits: initiative, planning, uncertainty management, collaboration, and learning through experience.

Furthermore, the progression analyses confirmed the positive impact of the four types of entrepreneurial talent on start-up development. The development of planning and management skills entails entrepreneurs setting long-, medium-, and short-term goals, defining priorities and action plans, and adapting to unforeseen changes. Making decisions in the middle of uncertainty, ambiguity, and risk involves navigating decisions when outcomes are uncertain or information is limited and employing structured methods to test ideas and prototypes to mitigate risks of failure in the value creation process.

Collaboration and networking emerged as crucial competencies for an entrepreneurial mindset. Enhancing this trait requires teamwork, idea development, networking, conflict resolution, and a positive approach to competition when necessary. Finally, learning through experience emerged as another vital trait for start-up entrepreneurial mindset development. Fostering this trait involves seizing every initiative for value creation as a learning opportunity, learning from peers and mentors, and reflecting on both successes and failures.

Given the complexity inherent in entrepreneurship, there is a clear need for new strategies to foster an entrepreneurial mindset and thereby enhance the likelihood of successful entrepreneurial endeavors. Entrepreneurs should...
be actively encouraged to integrate new knowledge, abilities, and attitudes into a framework of various models, utilizing them during modeling, critical thinking, and self-reflection.

Ethical considerations
The authors declare that the interviewees consented to the research being carried out.

Conflict of Interest
The authors declare no conflicts of interest.

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