

The Entrepreneurial Characteristics and Challenges of the Latent Entrepreneur: A Systematic Review

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Abstract

Entrepreneurship is crucial for innovation, employment, and economic growth. Apart from successful entrepreneurs, there's a less visible group called latent entrepreneurs, who have the potential to start businesses but haven't done so yet. Scholars are increasingly focusing on entrepreneurial characteristics and challenges encountered by potential entrepreneurs. The objective of this literature review is to explore what are latent entrepreneurs' entrepreneurial characteristics and challenges. Data was drawn from EBSCO, SCOPUS, and TCI, consisting of 17 peer-reviewed articles published between 2001 and 2024. Collected data were analyzed using thematic analysis. The literature review contributes to comprehension of recent entrepreneurial characteristics and challenges faced by latent entrepreneurs. It provides policy recommendations and guidelines that will encourage or support latent entrepreneurs to feel more confident in managing their own business firms through the collaboration of responsible and related organizations.

Keywords: Latent entrepreneur, Entrepreneurial characteristics, Challenge, Systematic review

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Introduction

A latent entrepreneur can be defined as someone who possesses entrepreneurial qualities and the desire to start own business but remains on the periphery due to various constraints or life circumstances. Latent entrepreneurs may include professionals who harbor business ideas, individuals inspired by family ventures, or those temporarily deterred by economic conditions. They embody a wealth of innovative ideas and skills, and tapping into this potential can fuel significant personal growth as they channel their knowledge, creativity, and problem-solving abilities into concrete business ventures. Transitioning from latency to active entrepreneurship is a transformative journey, nurturing a mindset characterized by a willingness to embrace risk, cultivate resilience, and adapt to the swiftly changing landscape of today's world, all of which are essential qualities for success (Caiazza et al., 2020).

Engaging with the entrepreneurial process not only builds confidence but also fosters psychological development through increased self-efficacy, profoundly influencing how individuals approach both professional challenges and personal endeavors. Moreover, latent entrepreneurs play a crucial role in entrepreneurial development, enriching the economic landscape by introducing new businesses across diverse sectors. Their entry into the market not only fosters competition but also drives innovation, challenging established market norms and leading to dynamic growth. They represent untapped human capital essential for pushing technological boundaries and boosting workforce productivity (Atasoy, 2015).

As latent entrepreneurs transition into active entrepreneurship, they contribute to job creation and the emergence of ancillary industries, thereby strengthening local economies and broadening the tax base (Lasater et al., 2021). However, identifying the obstacles latent entrepreneurs encounter is crucial for facilitating their successful transition. Common barriers include insufficient access to funding, a lack of mentorship, the complexity of entrepreneurial processes, and the existence of robust safety nets for those taking the leap into entrepreneurship. The main objective of the current paper is to synthesize the recent research about latent entrepreneurs' entrepreneurial characteristics and challenges with the specific goal of understanding the major findings and the need for latent entrepreneur development.

Research Objective

This study analyzes published research articles from selected academic databases to highlight the entrepreneurial characteristics and challenges of latent entrepreneurs.

Literature Review

Entrepreneurial characteristics

Entrepreneurial characteristics are essential for a person to become an entrepreneur, which are characteristics that will make various business operations successful. Miller (1983) stated that important entrepreneurial characteristics consist of three characteristics: innovativeness, risk-taking and proactiveness. Whilst Merz and Sauber (1995) and Knight (1997) have presented only two significant entrepreneurial characteristics: proactiveness and innovativeness. However, Jeerapattanon (2021) has described five entrepreneurial characteristics: motivation, integrity, creativity, reflection, and opportunity seeking.

Latent Entrepreneur

A latent entrepreneur refers to a person who works full-time and has a desire to be self-employed or own a business. It reflects those who have an entrepreneurial spirit. There is a high level of commitment and desire to be self-employed. Atasoy (2015), Blanchflower et al. (2001), Thurik and Grilo (2005) defined a latent entrepreneur as a person who is happy to be self-employed, but they are still related to or attached to having to work regularly. Efforts and plans are being made to create own business initiatives in the future (Atasoy, 2015). The concept of latent entrepreneurship is becoming more popular as the new generation begins to value it with the work that they created, and humans live in an era where technology and communication have made great progress. Having a second career or setting up your own business is now easier than in the past.

Research Framework

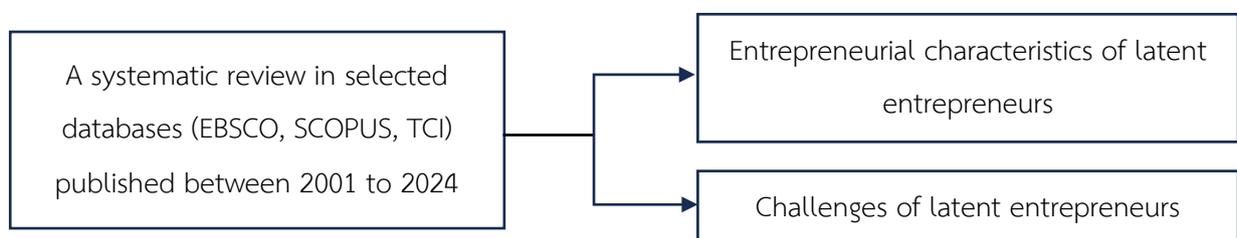


Figure 1 Research framework

Figure 1 shows the research framework of the study. The researcher reviewed the research articles in three academic databases published between 2001 and 2024 that matched the research

objective to explore two important variables: entrepreneurial characteristics and the challenges faced by latent entrepreneurs.

Research Methodology

Research Design

This study employed a systematic review design to meet the research objective. This study also utilized the literature search strategy from Petticrew and Roberts (2006), only research articles that met the quality requirements were included in this review.

Sample

Samples of this study included research articles in specific databases (EBSCO, SCOPUS, and TCI) published between 2001 and 2024 that meet researcher's inclusion criteria.

Research Instrument

The study utilized three research tools:

1. A research screening form was used to select research articles met initial criteria related to latent entrepreneurs' characteristics or challenges, published between 2001 and 2024, and discussing entrepreneurial challenges.

2. A critical appraisal form was adapted from Thailand's Office of the Education Council (TOEC, 2009) to assess the quality of selected research articles.

3. A data extraction form was used to record pertinent research data that meets the final selection criteria, capturing both general information (e.g., research title, journal name) and specific content (e.g., entrepreneurial characteristics, challenges).

All research tools were taken to three educational experts to check for quality before being used to collect actual data.

Data Collection

This study Data that addressed the research questions was extracted. The search of literature was operated during October 2023 to February 2024. Data was collected from keyword search results conducted in selected databases including EBSCO, SCOPUS, and TCI (Thai Journal Citation Index) published between 2001 and 2024. There are only 17 articles that passed the final process, nine from EBSCO, six from SCOPUS, and two from TCI databases. The research selection process can be explained in the following figure.

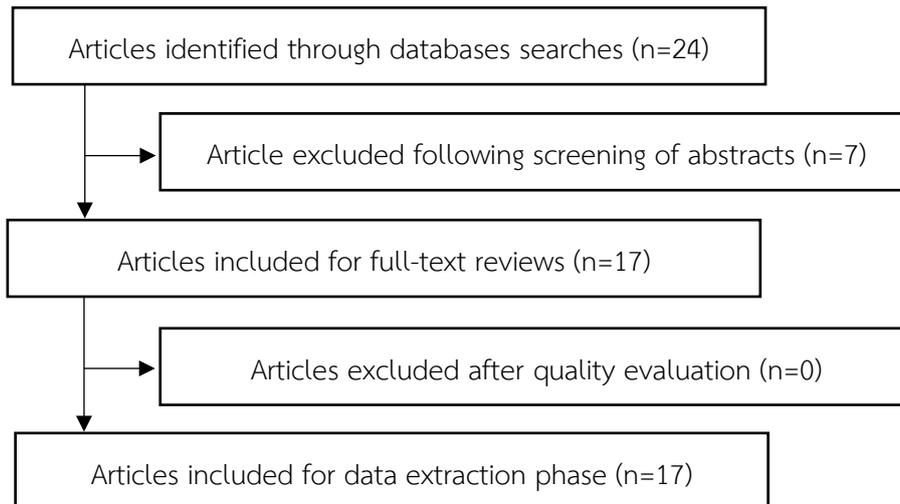


Figure 2 Articles selection process

Figure 2 showed that from the search in the specified database, a total of 24 studies were found when screening the studies. After excluding seven articles because of irrelevant abstracts and research quality assessment, only 17 articles were found to pass all quality criteria and included for data extraction phase (EBSCO=9, SCOPUS=6, TCI=2).

Data Analysis

All collected data were analyzed by using thematic analysis.

Research Results

To achieve the objective of this study, the researcher therefore extracted all necessary data and summarized it into two important variables: entrepreneurial characteristics and challenges faced by latent entrepreneurs. Table 1 showed a summary of entrepreneurial characteristics of latent entrepreneurs synthesized from all qualified research articles.

Table 1 Latent entrepreneurial characteristics

No.	Author(s)	Latent Entrepreneurial Characteristics																		
		CT	SM	SI	SD	DM	ET	RT	SE	EA	EI	WE	AM	SB	VC	EN	FP	CE	RA	RO
1	Blanchflower et al. (2001)																			
2	Thurik and Grilo (2005)						•		•									•		
3	Masuda (2006)						•		•											
4	Atasoy (2015)				•				•											
5	Kay (2015)			•	•				•	•						•			•	•
6	Caria (2017)		•		•	•	•			•										•
7	Caiazza et al. (2019)								•							•	•		•	
8	Sessions et al. (2021)														•					
9	Meng et al. (2023)			•	•	•	•				•					•	•	•	•	
10	Gohmann (2010)						•												•	
11	Vegetti and Adăscălitei (2017)			•						•										
12	Cunningham and Link (2021)															•	•			
13	Audretsch et al. (2022)			•			•			•						•	•	•		
14	Ajide (2022)						•									•		•		
15	Ahmadi and Soga (2022)															•		•		
16	Kitipacharadechatron and Thienthong (2019)																		•	
17	Puapradit (2021)									•	•	•	•	•	•					•
frequency		1	4	4	2	7	1	7	3	2	8	2	1	1	6	4	7	4	2	3

Abbreviations explanation:

- | | | |
|----------------------------|--------------------------------|----------------------------|
| CT = Critical Thinking | SE = Self-efficacy | EN = Explore New Challenge |
| SM = Self-motivation | EA = Entrepreneurial Alertness | FP = Fulfill Passion |
| SI = Self-improvement | EI = Entrepreneurial Intention | CE = Creativity |
| SD = Skill Diversity | AM = Accurate Mindset | RA = Risk Aversion |
| DM = Decision-making Skill | SB = Self-belief | RO = Risk Tolerance |
| ET = Emotional Toughness | WE = Work Effort | |
| RT = Risk Taking Behavior | VC = Value Creation Logic | |

Table 2 Challenges of Latent Entrepreneurs

No.	Author(s)	Challenges of Latent Entrepreneurs																		
		TM	FC	RJ	FB	AC	RU	FF	ER	SC	EI	LB	KR	MU	FS	SA	HC	CA	BC	MO
1	Blanchflower et al. (2001)		•																	
2	Thurik and Grilo (2005)		•			•						•					•			
3	Masuda (2006)		•			•				•										
4	Atasoy (2015)		•		•	•		•		•	•									
5	Kay (2015)											•						•		
6	Caria (2017)		•	•		•	•			•	•									
7	Caiazza et al. (2019)					•				•	•			•						
8	Sessions et al. (2021)	•																		
9	Meng et al. (2023)	•	•							•										
10	Gohmann (2010)	•	•	•	•	•	•	•	•		•	•								
11	Vegetti and Adăscălitei (2017)		•	•	•						•									
12	Cunningham and Link (2021)		•							•		•		•						
13	Audretsch et al. (2022)		•					•	•	•				•						
14	Ajide (2022)										•	•		•					•	•
15	Ahmadi and Soga (2022)		•					•			•									•
16	Kitipacharadechatron and Thienthong (2019)	•										•	•		•	•				
17	Puapradit (2021)													•						
frequency		4	11	3	3	6	2	4	2	7	6	7	2	4	1	1	1	1	1	2

Abbreviations explanation:

TM = Time management

FC = Financial constraints

RJ = Risk of job security

FB = Fear of bankruptcy

AC = Administrative complexity

RU = Risk of uncertain income

FF = Fear of failure

ER = Enormous responsibility

SC = Skills and abilities concern

EI = Economic instability

LB = Limited business experience

KR = Knowledge of risk management

MU = Market uncertainty

FS = Family support

SA = Self-adaptability

HC = Having less collateral

CA = Customer acceptance

BC = Building connection

MO = Market opportunity

Findings from Table 1 and Table 2 revealed entrepreneurial characteristics and challenges faced by latent entrepreneurs. Hence, the researcher then summarized the entrepreneurial characteristics of latent entrepreneurs and the challenges faced by latent entrepreneurs by purposively selecting the top ranked items with the highest frequency, the results of the study can be summarized in the following table.

Table 3 Top rank of entrepreneurial characteristics and challenges of latent entrepreneurs

Rank	Entrepreneurial Characteristics	f	Rank	Challenges	f
1	Entrepreneurial intention	8	1	Financial constraints	11
2	Decision-making skill	7	2	Skills and abilities concern	7
	Risk taking behavior	7		Limited business experience	7
	Fulfilling passion	7	3	Administrative complexity	6
3	Value creation logic	6		Economic instability	6
4	Self-motivation	4	4	Time management	4
	Self-improvement	4		Fear of failure	4
	Explore new challenge	4		Market uncertainty	4
	Creativity	4	5	Risk of job security	3
5	Self-efficacy	3		Fear of bankruptcy	3

Note: f stands for frequency

Table 3 showed the top ranked latent entrepreneurial characteristics and challenges with the highest frequency. The most important entrepreneurial characteristics included entrepreneurial intention (f=8), decision-making skill, risk-taking behavior and fulfilling passion (f=7 equally) and having value creation logic (f=6). Findings towards challenges revealed that the most important challenges for latent entrepreneurs are financial constraints (f=11), skills and abilities concern, and limited business experience (f=7 equally), administrative complexity and economic instability (f=6 equally).

Discussion

1. Findings revealed the top 10 ranked latent entrepreneurial characteristics with the greatest frequency, e.g. entrepreneurial intention, decision-making skill, risk taking behavior, and fulfilling passion. However, the study's findings also included other latent entrepreneurial characteristics obtained from the literature synthesis. Those characteristics include having critical thinking, having a variety of skills, emotional strength, entrepreneurial alertness, perseverance, and the right attitude, self-belief, the ability to avoid risk, and acceptance of risk.

2. Results revealed that the first ranked entrepreneurial characteristic is entrepreneurial intention. This aligns with the views of numerous theorists who underscore the significance of entrepreneurial intention, as it serves as a crucial attribute that propels individuals to engage in study, research, and practice, ultimately leading them to become successful entrepreneurs. Many educators have concluded that entrepreneurial intention plays a crucial role in predicting business startup behavior and it is an important factor that affects the decision to start a business (Bird, 1988; Shane, 2003). Entrepreneurial intention also has a positive relationship with business success (Krueger, Reilly, and Carsrud, 2000). However, other latent entrepreneurial characteristics may also be considered. It is a small component of entrepreneurial intention. Many educators have defined entrepreneurial intentions that include several characteristics, including self-efficacy. Always develop yourself, have the have the courage to face risks, have creative ideas, and have the right attitude.

In this regard, Ajzen (1991) stated that entrepreneurial intentions are influenced by three factors: attitude towards entrepreneurship, social norms, and perceptions of entrepreneurial ability. Shapero and Sokol (1982) discussed the components of entrepreneurial intention, including motivation, attitude, and opportunity perception. In addition, Krueger and Brazeal (1994) described components of entrepreneurial intention. Adding one more element from Shapero and Sokol (1982) results in a total of four elements, consisting of motivation, attitude, opportunity perception, and self-confidence. For this reason, it may be concluded that the number one important latent entrepreneurial trait. It is the intention to do business. When it comes to other characteristics or variables, it is the part that complements or strengthens the latent entrepreneurial characteristics, such as decision-making skills, emotional strength, perseverance, and multi-functioned skills.

3. Results revealed that the top 10 latent entrepreneurial challenges had the highest frequency. However, the study also found other challenges in the literature synthesis that were ranked lower. In the research, only a small part has been mentioned, but that does not mean that it is not important, namely the risk of unstable income. Enormous responsibility Risk management knowledge Receiving support from family self-adjustment Having little collateral Acceptance from customers Creating business networks, marketing opportunities, and so on.

4. The top ranked challenges faced by latent (passive) entrepreneurs include financial constraints, concerns about skills and abilities, limited business experience, administrative complexity, and economic uncertainty. The results provide valuable insights. Many researchers have discussed the key challenges facing entrepreneurs in the same direction. For example, Shane (2003) stated that the three main challenges faced by would-be entrepreneurs are: lack of resources; having to face various risks and fear of failure; Timmons and Spinelli (2004) said that the main obstacles to people becoming entrepreneurs are a lack of capital, experience, motivation, and confidence, plus fear of failure, which are prevalent issues.

Conclusion

The latent entrepreneur occupies a unique space in the entrepreneurial ecosystem, embodying the potential for innovation and economic growth. This article delves into the significance of latent entrepreneurs for both individual and broader entrepreneurial development, discussing the positive externalities they bring to the table and the imperatives for creating an environment conducive to their activation. However, workers in different organizations have different backgrounds, experiences, economical and societal status. Thus, development of a person to become a latent entrepreneur may require overcoming major obstacles, namely fear and a lack of self-confidence (Lasater et al., 2021). Creating an enabling environment for latent entrepreneurship development involves several key strategies. Firstly, integrating entrepreneurship education into the educational system at all levels can provide aspiring entrepreneurs with essential skills and mindsets. Secondly, improving access to various forms of financing, from microloans to venture capital, is crucial for turning latent entrepreneurs' entrepreneurial intentions into reality. Thirdly, establishing mentorship and networking platforms that connect latent entrepreneurs with experienced mentors and peers can foster knowledge exchange and collaboration opportunities. Finally, policy support via regulatory streamlining and incentives can reduce the perceived risks associated with entrepreneurship and create a more favorable environment for new ventures. Recognizing the profound significance of latent entrepreneurs to individual and entrepreneurial development, societies that invest in activating their potential can reap benefits such as job creation, competitiveness, and a vibrant entrepreneurial culture. By removing barriers and fostering conducive conditions, we not only drive economic progress but also empower individuals to pursue their entrepreneurial aspirations, contributing to a more prosperous and dynamic society.

Recommendation

1. Recommendation for Research Utilization

Both governmental and private sectors should actively participate, establishing networks and training institutes to support budding entrepreneurs, offering guidance on business operations, enhancing motivation, and honing necessary skills, ultimately facilitating business initiation. These initiatives directly benefit latent entrepreneurs. Findings also indicated that successful latent entrepreneurship involves overcoming specific challenges, notably financial constraints, and skill-related concerns, including business experience. Latent entrepreneurs or those aspiring to be must understand and address these challenges through strategic planning, risk management, market understanding, and relationship building. Continuous self-improvement and application of research-based strategies are essential for success in secondary careers. This serves as a valuable guide for latent entrepreneurs, facilitating their success and providing opportunities for growth.

2. Recommendation for Future Research

There is a need to study the development of an ecosystem that supports the capability enhancement of latent entrepreneurs. The ecosystem can be a supportive mechanism or model that include all supportive factors, e.g. related organizations, networks, process, ready to mentor and encourage individuals who are interested in and committed to developing their own entrepreneurialism. Furthermore, there should be a study regarding the process of developing individuals who will become latent entrepreneurs, such as methods to release fear or certain restraints, and build confidence. In addition, next research may create an educational curriculum or short course both online and onsite that aims to emphasize developing latent entrepreneurs.

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