

Felix Zappe

Exploration of the traits of entrepreneurs
in order to raise awareness for a
self-assessment

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The traits of an entrepreneur

Exploration of the traits of entrepreneurs in order to raise awareness for a self-assessment.

Assignment as part of assessment for the study unit
Entrepreneurship & Business Venturing – IOT 5033

Handed in by: **Felix Zappe**

Written at the Edward de Bono Institute

University of Malta

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The traits of entrepreneurs

The traits of entrepreneurs are, supposedly because of their mere complexity, a topic that catches the interest of many researchers. So far many thoughts and theories have been postulated. This part focuses on some of them to gain an understanding about what research knows so far about the entrepreneurial mindset.

Various researchers suggest that entrepreneurs underlie a variance of personality traits. These distinct them from others and is in the view of these researchers a major driver of entrepreneurial action such as opportunity identification. For instance the latter is viewed by Shane and Venkataraman (2000) as defining for entrepreneurship as they see it as the “the discovery and exploitation of profitable opportunities” (p. 217). Furthermore Wickham (2006) states that “the good entrepreneur is constantly searching for new opportunities. In effect, this means that they are never really satisfied with the way things are at any moment in time.” (p. 99).

Table 1: Dimensions and explanations of the big five model of personality traits (Source: own presentation after Toegel and Barsoux, 2012).

Trait	Explanation
Openness	intellectually able, intelligent, open to new ideas and experiences, cultured
Conscientiousness	pays attention to detail, responsible, achievement oriented, dependable
Extraversion	outgoing, sociable, interpersonal, expressive
Agreeableness	friendly, warm, likeable, generous, kind
Neuroticism	tendency to express negative emotion, lack of emotional control, anxious, unstable

A basic way of determining one’s personality is the OCEAN or “Big Five” model of personality traits, as introduced and used by various researchers and proposed by various researchers e.g. Digman (1990). This model introduces five broad dimensions of personality (see table 1). All of them can be associated with entrepreneurship. It is arguable if entrepreneurs generally should or do perform high on all traits (consider the logic reversed for neuroticism).

The authors Burns (2001) and Kirby (2003) claim further traits of entrepreneurs:

- Curiosity, creativity & innovativeness
- Opportunism
- Intuitiveness
- Self-confidence
- Proactiveness & decisiveness
- Self-motivation
- Vision and flair
- Resistance to premature closure
- Internal locus
- Need for Achievement
- Willingness to take greater risks and uncertainties
- Need for independence / autonomy

However, as previously stated, the research findings are inconsistent as one body of scholars supports the personality approach while others reject it. One has to keep in mind that entrepreneurs are still humans and as such everyone is distinct in various ways from all others and no one can have all the attributes listed above. The said criteria may not only suit entrepreneurs but other success driven people as well.

Table 2: Environmental dimensions and their entrepreneurial impact (Source: own representation after Burns, 2001).

Dimension	Entrepreneurial impact
Level of education	Influence not only whether or not a person starts up a business but even if the business will be a high-growth or low-growth
Employment and un-employment	Many people start a business because they are unemployed. However high growth firms are more likely to start for more positive reasons
Family background	Having a parent who was/is self-employed is more likely to lead a person to entrepreneurship
The culture of the society in which they live	Some cultures encourage entrepreneurial activity, others discourage it

It is further arguable if just the personal determination lets people become entrepreneurs, as most likely their surrounding teaches and trains them through experience to foster entrepreneurial skills.

Burns (2001) comes up with some traits that are environmentally driven and foster entrepreneurial skills (see table 2).

The third direction of thought when it comes to traits of entrepreneurs should be regarded to cognitive processes. According to Wickham (2006), the cognitive processes are relevant to the study of entrepreneurial traits in terms of:

- Perception processes – the way in which entrepreneurs perceive / see the world
- Problem-solving processes – the way in which entrepreneurs process information when they are required to make a decision
- Task processes – the way in which entrepreneurs approach and tackle particular tasks

Other interesting cognitive factors that influence entrepreneurs include:

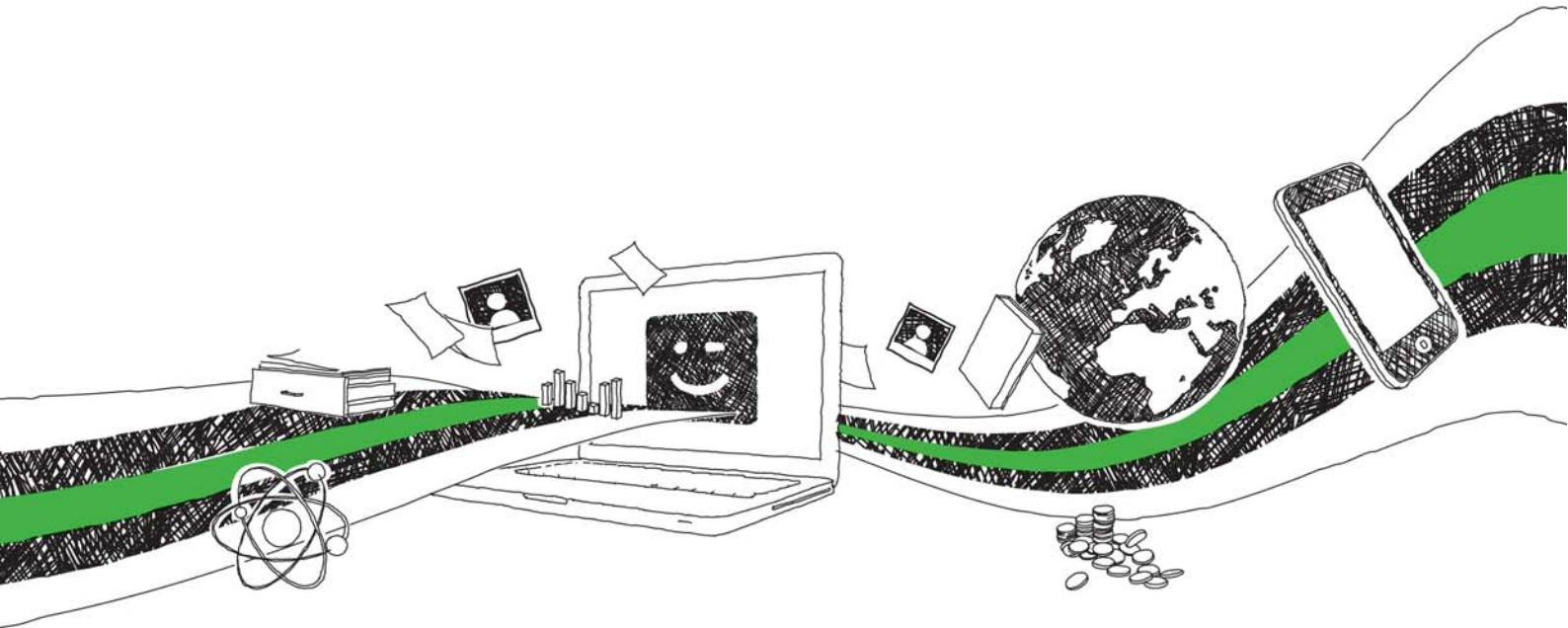
- Creativity
- Entrepreneurial alertness (Gaglio & Katz, 2001)
- Prior Knowledge, including tacit knowledge (Chia, 2002)
- Pattern-recognition – “Connecting the dots” between unrelated events and factors (Baron, 2006)
- Heuristics and Biases (Baron, 1998; 2004): Entrepreneurs may be more susceptible to cognitive biases than non-entrepreneurs and therefore identify opportunities better:
 - Counterfactual Thinking: Thinking about what might have been, as linked to the level of satisfaction that people feel in a given situation it may be beneficial in certain situations but detrimental in others
 - Escalation of commitment: Giving oneself too much into things started, as sunk cost are overrated and
 - Planning fallacy: Thinking one can achieve more than actually possible
- Cognitive style and cognitive strategy:
 - Intuitively: rapidly, non-consciously and holistically – knowing without knowing why, gut feeling
 - Analytically: in a rational, logical, deliberate manner with due attention to the relevant information

- Cognitive versatility: an information processing strategy characterized by high levels of both intuition and analysis, together with an ability to switch between them as needed (Hodgkinson & Clarke, 2007)

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