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Entrepreneurs' Personality Traits and their Success: An Empirical Analysis

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Abstract

*There are various factors responsible for the entrepreneurial success at the grass root level. Academicians and researchers have different opinions regarding the influence of different factors on entrepreneurial success. However, it has been confirmed by many researchers that **personality traits play a significant role in attaining entrepreneurial success.***

This paper aims to determine the level of successful entrepreneurs' score on trait variables and the entrepreneurs' level of success. Further it also aims to examine the relationship between level of score on traits and the level of success. A representative sample of 85 entrepreneurs was selected by using multistage and simple random sampling methods. Descriptive statistic was used to summarize the data and the spearman rank correlation was used to establish the relationship between level of scores on trait variables and level of success.

The findings reveal that there is a significant relationship between successful entrepreneurs' score on trait variables and their level of success. This finding will enrich the existing body of knowledge on entrepreneurship and help in the development of entrepreneurship in Assam.

Key words: Entrepreneurial traits and level of success.

1. Introduction

The term "entrepreneur" comes from the French word "entreprendre" and the German word "unternehmen", both means to "undertake". According to webster dictionary, **the term entrepreneur" is applicable to one who organizes, manages, and assumes the risk of a business or enterprise.**

The success of small enterprises largely depends on the human capital of their owner-manager. The present study is based on **primary data collected directly from 85 entrepreneurs of Assam by serving well structured questionnaire to identify the important traits of successful entrepreneurs. Success of the entrepreneur is measured by success of the firm. For the purpose of this study an entrepreneur was considered successful if he/she started his/her own business, have 5 employees, established for at least 3 years.**

2. Objectives of the study

- a) To determine the level of successful entrepreneurs' score on trait variables.
- b) To measure the level of success of entrepreneurs.

3. Review of literature

Trait means unique or distinguishing characteristics of somebody (Oxford Advanced Learner dictionary). Successful entrepreneurs often share certain characteristics and the earliest identified entrepreneurial characteristic was **risk taking.** Timmons (1994) examined the **six general**



characteristics of entrepreneurs i.e. commitment and determination, leadership, opportunity obsession, tolerance of risk, creativity and adaptability. Carland & Carland (1996) in their study suggests that entrepreneurs are not homogenous. They may well be characterized by need for achievement, preference for innovation and risk taking propensity.

According to Martin P. (1999), the characteristics most frequently associated with the success of the entrepreneurs are Innovation, Creativity, Persistence, Self-confident, Positive attitude, Problem solving, Need for independence, and Enjoy taking risks. Desai (2001) revealed the important personality traits leading to the success are emotional stability, personal relations, consideration and tactfulness. Ehigie and Umoren (2003) in their study considered self-concept, perceived managerial competence, work stress and business commitment are important psychological variables for perceived entrepreneurial success among female entrepreneurs.

Viral Acharya et al (2004) in a comparative study of Assam and Uttar Pradesh found that success of an entrepreneur was significantly related to self-efficacy and locus of control for both states. Melih Bulu (2005) revealed a number of factors including luck, hard work, good idea, and money which led to success. Sammy King-faiHui et al (2006) observed that Self efficacy, Locus of control, Decision making and Risk attitude were responsible for success of entrepreneurs.

Simon et al (2007) found no evidence to substantiate that entrepreneurs are more self-confident than non entrepreneurs and overconfidence is bad for success in business. Success as an entrepreneur is primarily determined by the individual's smartness. According to Nandram S. & Samsom S. (2007), the main determinants of a successful entrepreneur are found to be- watchful to spot the opportunities, persuasive, goal oriented, self confidence, creativity, courage, trustworthy, ambitious, capacity for empathy, perseverance & locus of control. Papzan et al (2008) found that there was a significant relationship between need for achievement, innovation, internal locus of control, marketing, and lack of bureaucracy and success of entrepreneurs.

Robbin and Judge (2009) examined that entrepreneurs' personality traits to identify traits that have impact on business performance. Personality traits such as internal locus of control and ambiguity tolerance influenced the business success directly and the business process indirectly. Noor H. et al (2009) found that there was strong evidence of association between entrepreneurial competencies and business success in Malaysia.

Abdullah F. et al (2009) confirmed that eight factors are vital to the success of entrepreneurs. In rank order of importance, these factors are advancement drive, achievement oriented, commitment, decision-making ability, managing risk, tenacity, networking, and optimism. Elenurm and Alas (2009) in a study reported that courage to risk, openness to new information, flexibility, creativity and determination were the features of successful entrepreneurs in Estonia. David Z. and Edward B. (2011) found those entrepreneurs' personal characteristics, such as need for achievement, need for cognition and internal locus of control, have positive influences on firm performance.

4. Null Hypothesis

The hypothesis governing the study is that there is no significant relationship between successful entrepreneurs' score on trait variables and their level of success.

5. Research Methodology

The type of research followed here is descriptive in nature.

(i) Sampling design

The type of sampling used in this study was multistage sampling. The universe of the study consists of 756 successful food processing entrepreneurs of Assam. A representative sample of 85 entrepreneurs was considered for the study at 95% level of confidence and at 10% confidence Interval.



(ii) Data collection

The primary data were collected directly from the selected entrepreneurs by serving structured questionnaire during April 2012 – March 2013. The questionnaire includes 14 variables.

(iii) Instrument for measuring traits

The following 14 variables were used as an instrument for measuring traits on the basis of review of literature.

- 1) Individual smartness / ability to recognize highly potential business opportunity
- 2) Creativity
- 3) Innovativeness
- 4) Self efficacy /Self Confidence / Self belief
- 5) Dedication & Hard-work
- 6) Internal locus of control / (believing that actions determine the rewards),
- 7) Risk taking propensity / Attitude towards risk / taking calculated Risk
- 8) Tolerance of Uncertainty / ambiguity
- 9) Sincerity and Commitment
- 10) Endurance /Continuing for long time
- 11) Good planning
- 12) Ability to make decisions
- 13) Flexibility / Adaptive to change
- 14) Goal oriented

With reference to the above stated variables, fourteen statements were made and measured on the five point ordinal scale that is strongly agree, agree, neutral, disagree & strongly disagree. Ultimately score of 5, 4, 3, 2 1 were assigned corresponding to degree of agreement. Reliability test was carried out and the cronbach's alpha was found to be 0.714 which indicates the reliability of the scale used.

Table No. 1: Scale for measuring level of entrepreneurs' score on trait variables

	Level of score				
	Very low	Low	Medium	High	Very high
Traits Score	1 – 14	15– 28	29 - 42	43- 56	57– 70

(iv) Level of success measurement

Success of the entrepreneur is measured by success of the firm. Level of success was measured in terms of sales growth over last three years. The Compounded annual growth rate of 85 responded was normalized to arrive at three linear intervals namely low level success = 0 to 33.33%, moderate success = 33.33% to 66.66% and high level success = 66.66% to 100%

(v) Data Analysis

Statistical software SPSS 15 was used for analyzing the data. Descriptive statistics was used for summarizing the collected data and Spearman's rank correlation coefficient was calculated to measure the degree and direction of relationship between successful entrepreneurs' score on trait variables and their level of success.



6. Findings

(i) Level of successful entrepreneurs' score on trait variables.



Table no. 2: Level of successful entrepreneurs' score on trait variables

	Level of score			Total
	Moderate	High	Very high	
No. of Entrepreneurs	4	39	42	85
% of Entrepreneurs	5%	46%	49%	100%

It is revealed from table no. 2 above that 49% of entrepreneurs have very high level of score on trait variables, 46% have high level score and 5% have moderate level score. None of the entrepreneurs is found to be low or very low level score.

(ii) Level of success of entrepreneurs

Table No. 3: level of success of entrepreneurs

	Level of success			Total
	Low level success	Moderate Success	High Level Success	
No. of Entrepreneurs	39	28	18	85
% of Entrepreneurs	45.9%	32.9%	21.2%	100

It is observed from the above table No.3 that 21.2% of entrepreneurs have high level of success, 32.9% have moderate level success and 45.9% entrepreneurs have low level of success.

(iii) Testing of hypothesis

H₀: there is no significant relationship between successful entrepreneurs' score on trait variables and their level of success.

H_a: there is significant relationship between successful entrepreneurs' score on trait variables and their level of success.

Table No. 4: Spearman's rank correlation coefficient between successful entrepreneurs' score on trait variables and their level of success.

Spearman's rank correlation	Value	Sig.(2 tailed)
Ordinal by Ordinal Spearman Correlation N of Valid Cases	.828 85	.01

It is observed from the above table No. 4 that $p(=.01) < .05$, the value of spearman correlation $r = 0.828$ which is highly significant at 5% level of significance (i.e. $\alpha=5\%$). Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. Hence there is significant relationship between successful entrepreneurs' score on trait variables and their level of success. In other words, the higher the score on trait variables, higher will be the level of success.



(iv) Traits Variables and their mean scores

Table No. 5: Traits Variables and their mean scores

Sr. No	Statement describing Trait Variables	Mean	Std. Deviation
1	- I love to work in uncertain situations	2.74	0.97
2	- It is clear to me where my firm has to be within 5 years	3.62	1.15
3	- I am flexible and adaptable to changes	3.68	1.09
4	- I believe that my actions bring the rewards	3.69	1.27
5	- I am capable of taking decision in difficult times.	3.84	1.25
6	- I always take calculated risk	3.87	1.04
7	- I always try new things (New Ideas, new products, new process) in my firm	4.00	1.06
8	- I am always sincere and committed to my job	4.04	1.10
9	- I am habitual to hard work & whatever I do, I do with full dedication	4.07	1.04
10	- I never do anything without proper planning	4.07	1.14
11	- I always try to innovate and do things differently	4.09	0.96
12	- I believe in my own work	4.19	1.20
13	- I have the passion to continue my business despite so many ups and downs.	4.36	0.77
14	- I have the ability to recognize highly potential business opportunity	4.55	0.65

Table No. 5 above reveals that variables with the serial nos. 7 to 14 are responsible for creating very high level of score trait variables and the variables with serial nos. 2 to 6 are responsible for high level score. The variable no. 1 is responsible for moderate traits. Further, the variable in serial 14 (i.e. Individual smartness) is more consistent among the entrepreneurs than the other variables because it has the lowest standard deviation of 0.65.

7. Conclusion

It can be concluded from the study that higher the score of entrepreneur on trait variables, higher will be the level of success. The variables responsible for very high traits are 'Creativity', 'Innovativeness', 'dedication & hard-work', 'good planning', 'sincerity and commitment', & 'endurance'. The variables leading to high traits among entrepreneurs are 'self efficacy', 'risk taking ability', 'ability to make decisions', 'flexibility', 'goal oriented', & 'internal locus of control'. Further, the variable in serial 14 (i.e. individual smartness) is more consistent among all the entrepreneurs.

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