

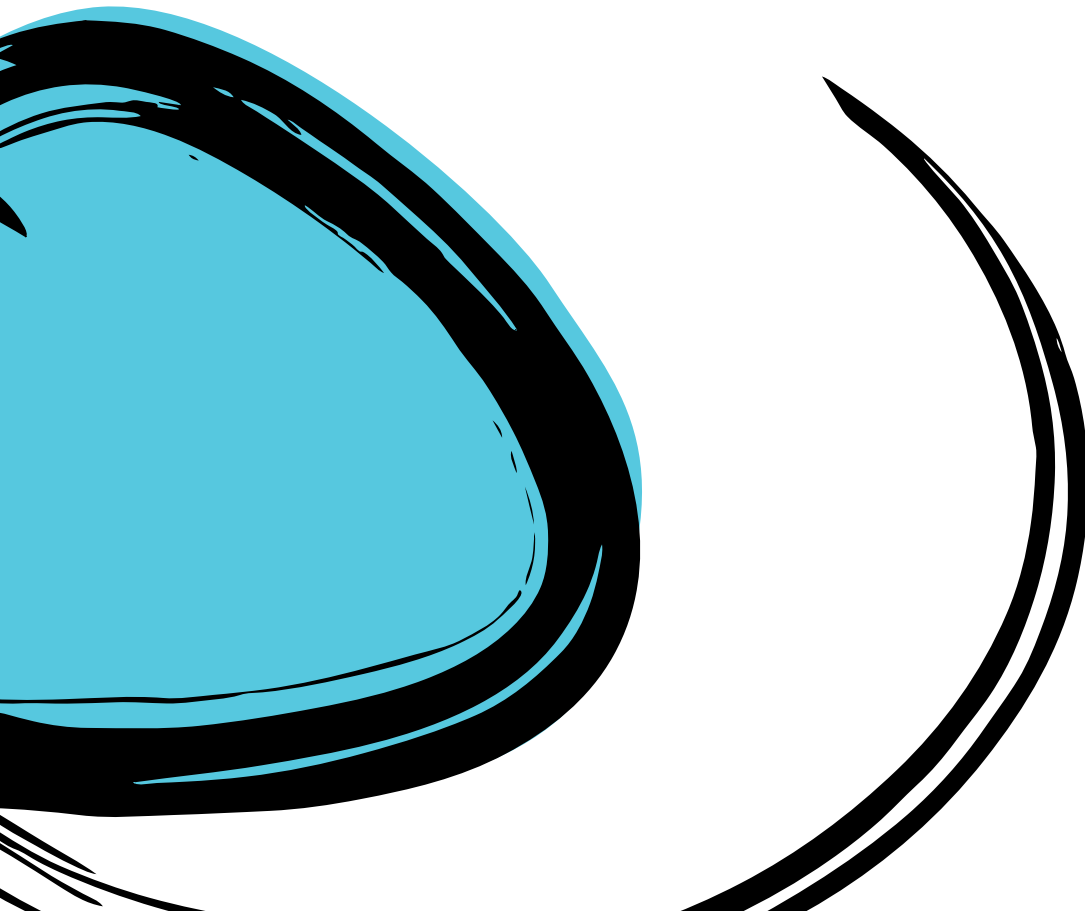


BE PART OF
SOMETHING
EXTRAORDINARY

CENTRE FOR ENTERPRISE AND
ENTREPRENEURSHIP STUDIES

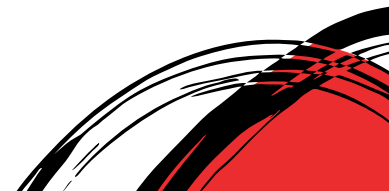
LUBS2045 Week 2 Lecture

Entrepreneurial Personalities and Motivations

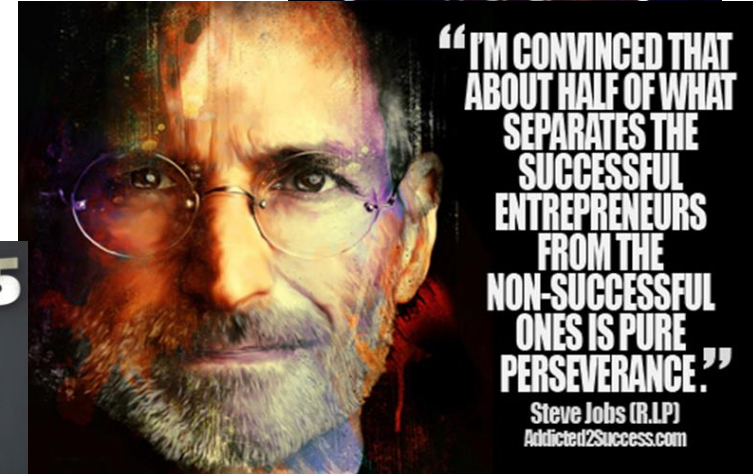
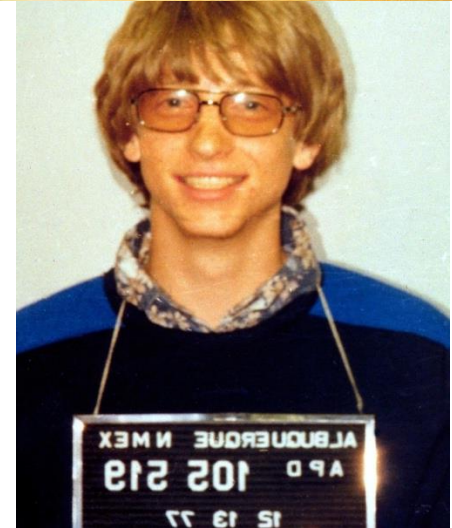


What I would like to talk about...

- What characteristics are associated with entrepreneurs?
- Do 'romantic' notions of entrepreneurs hold true?
- Are entrepreneurs born or made?
- What motivates entrepreneurs?



Entrepreneurial personalities

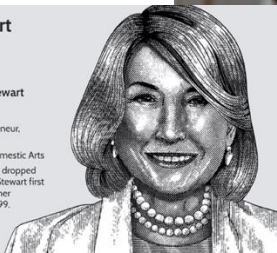


Martha Stewart

Born: August 3, 1941

Founder of Martha Stewart Living Omnimedia

- Media personality, entrepreneur, and retail businesswoman
- Known as the Queen of Domestic Arts
- Although her net worth has dropped significantly since, Martha Stewart first became a billionaire when her company went public in 1999.



Key debates

- Entrepreneurs considered to be:
 - “economic heroes” (Cannon, 1991);
 - a “special breed” (Rehn and Taalas, 2004)
 - “super heroes” who are “the stuff of legends... held in high esteem and held up as role models to be emulated” (Burns, 2001, p. 1)
- The ‘great person’ school defines entrepreneurs as possessing a ‘sixth sense’ as well as intuition, vigour, energy, persistence and self-esteem
- Contrasts them with ‘mortals’ who ‘lack what it takes’ (Williams, 2008)

30 May 2013

Why entrepreneurs will not save the world

Governments have championed ‘entrepreneurs’ as figures capable of reviving stagnant economies and alleviating social problems. But who are they, and are they worth celebrating?

Owen Parker, Lecturer in Politics, University of Sheffield

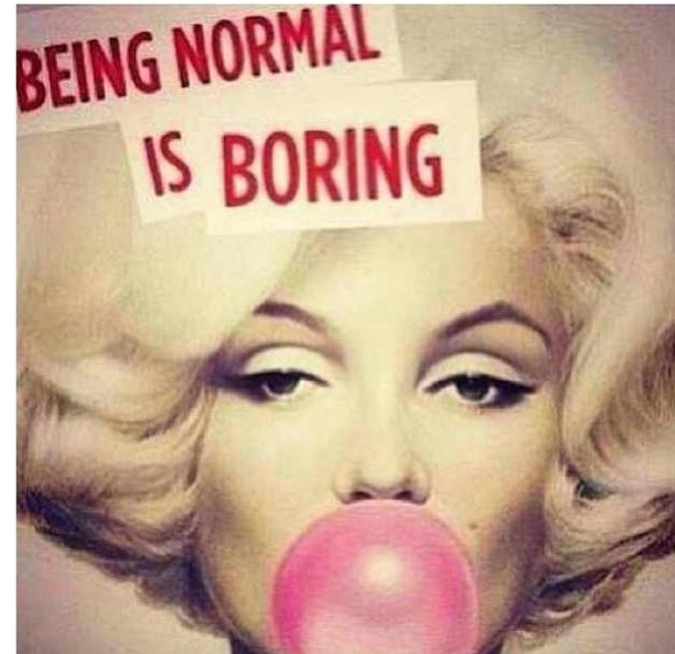
Forbes Magazine recently published an article entitled ‘Why entrepreneurs will save the world’ which was written by the author of a book with the sub-title, ‘Embrace Uncertainty and Create the Future’. Celebratory pro-entrepreneurship language of this sort is widespread and pervades contemporary society, politics and popular culture (think *Dragons’ Den*).



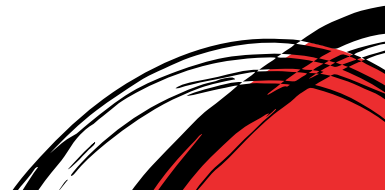
Owen Parker

Ideal types?

- Role of the entrepreneur as hero which society should seek to harness has been questioned
- “Pure, clean and wholesome” risk-taking entrepreneur does not fit with the reality of individuals who do not always play by the rulebook (Bhide and Stevenson, 1990; Williams, 2008)
- “Marked discrepancy between textbook celebratory odes to the entrepreneur as legitimate super heroes and the lived realities of entrepreneurship” (Williams, 2008, p. 1051)

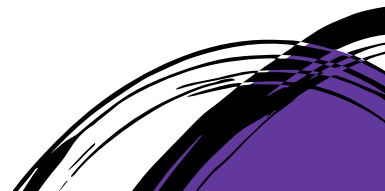


Psychology of the entrepreneur



Development of research

- Research first explored whether it was possible to define a personality profile of the entrepreneur
 - - attempts to define what an entrepreneur really is and what they actually do
- As thinking evolved, it became apparent that entrepreneurs act at different stages in business development and the focus of research then shifted to looking at how different personality traits correlated with organisational performance at these stages
- Despite the research, trait theory proved an unreliable predictor, and so interest moved to the motivations of entrepreneurs and why some people choose entrepreneurship while others do not



The Entrepreneurial Personality

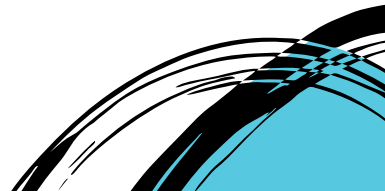
5 core traits:

1. Self-confidence
2. Risk-taking activity
3. Flexibility
4. Need for achievement
5. Strong desire to be independent.

Others:

1. Creative
2. Innovative
3. Persistent
4. Determined in the face of adversity
5. Internal locus of control

Meredith, Nelson, and Neck (1982)



Born or made?

- If entrepreneurs are “born not made” the supply of entrepreneurship through policy cannot be increased (Bridge et al, 2003)
- Teaching about entrepreneurship or teaching skills to become more entrepreneurial
- Entrepreneurial processes can be learnt and refined





How childhood ADHD-like symptoms predict selection into entrepreneurship and implications on entrepreneurial performance

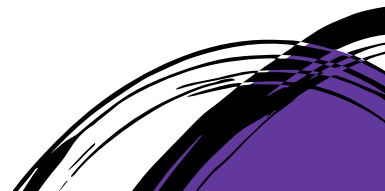
Nasir Rajah ^a✉, Vassiliki Bamiatzi ^b✉, Nick Williams ^c✉

- Data from a long-term survey which tracked different aspects of individuals' lives at the ages of 10, 32 and 42.
- Impulsive and hyperactive behaviour often associated with ADHD can be positive when creating business ideas and getting an enterprise off the ground
- People who had symptoms associated with ADHD in childhood were up to 6% more likely to go on to own their own business.
- Research shows that other behaviour frequently associated with the ADHD – inattentiveness - can contribute to lower earnings over time.
- Those with 'medium-level' symptoms of inattentiveness earned an average salary of just over £29,000 at the age of 42, for those with levels of inattentiveness which was around 50% higher, earnings were an average of £2,100 lower at the same age.

Nurture rather than Nature?

- Socialisation
- Education
- Peers
- Critical incidents
- Social marginality (Schumpeter)
- Life circumstances

- 'Dark side' (Kets de Vries, 1985)
 - “the high degree of energy necessary to achieve a dream has desires and needs behind it that if let loose, can wreak havoc on an organization.”

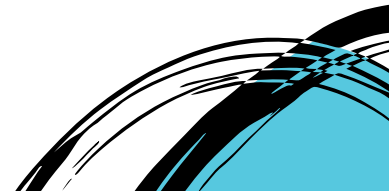




A Downside to the Entrepreneurial Personality?

Danny Miller

The literature on entrepreneurship bears a distinctly positive cast, often with good reason. Entrepreneurs and their innovations have contributed enormously to national wealth, and so scholars have examined the personalities, capabilities, and contexts underlying these contributions. However, despite some early work, the negative aspects of the entrepreneurial personality have been largely ignored. We shall argue that given the nature of the challenges facing many entrepreneurs and the consequent demands of their jobs, certain personality traits will be quite valuable to them. These, however, tend to be Janus-faced in that positive attributes, such as energy, self-confidence, need for achievement, and independence, may sometimes devolve naturally into aggressiveness, narcissism, ruthlessness, and irresponsibility. Given the costly repercussions of the latter characteristics, we urge more study of their nature and causes among entrepreneurs.



Personality Spectrum

- Energy, passion, and optimism said to be qualities of some
- Entrepreneurs can be overconfident—especially when the entrepreneur is greeted by success, adulation, prestige, and power that accompanies it
- Positive characteristics may also have negative aspect

The Janus Face of an Entrepreneurial Personality

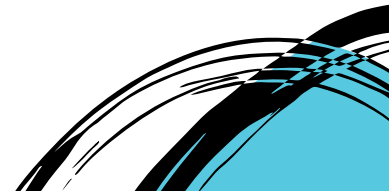
Positive characteristics

Energy, passion, optimism
Self-efficacy, self-assurance
Need for achievement and power
Independence, autonomy
Need for control, dominance

Negative characteristics

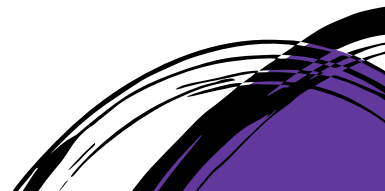
Grandiosity, overconfidence
Narcissism, hubris
Aggressiveness, ruthlessness
Social deviance, indifference to others
Obsessive behaviour, mistrust, suspicion

- Points to entrepreneurs' incentives to conceal less salutary aspects of their personality (Miller, 2014)

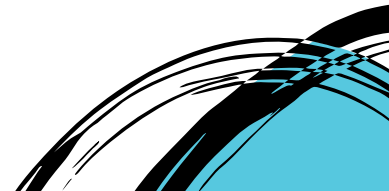


Some questions to consider

- Is the traits approach too static for such a dynamic concept?
 - Many traits seem relevant but are all of them necessary in all circumstances?
 - Are some more important than others?
 - Even if we could identify an 'entrepreneurial personality', how would we use that knowledge?
-
- Critics also offer the view that rather than being fixed, some entrepreneurial characteristics might be learned, and that the environment in which we live can shape our perspective on life

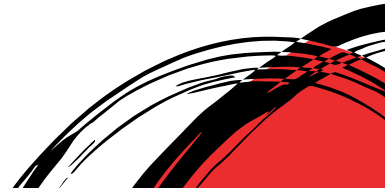


Entrepreneurial motivations



Motivations

- Psychology debates linked to motivations
- Cash?
- “A millions dollars isn’t cool. You know what’s cool? ... A billion dollars.”





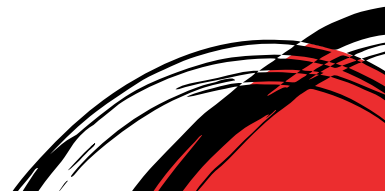
“I’m motivated by curiosity more than anything, and just a desire to think about the future and not be sad,” he said in the interview.

“I’m sometimes sad, but I’m mostly feeling, I guess, relatively optimistic about the future these days. There are certainly some big risks that humanity faces. I think the population collapse is a really big deal that I wish more people would think about.”

Bill Gates has given away billions, but 'still has more to give'



Gates says philanthropy was instilled in him early on. His mother regularly told him "with wealth came the responsibility to give it away".



Booking.com


Innovation

Building a Culture of Experimentation

It takes more than good tools. It takes a complete change of attitude.

by Stefan Thomke

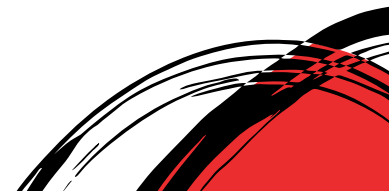
From the Magazine (March–April 2020)

	
ENTREPRENEURS FOR ENTREPRENEURS	BILLION MARK
We are a team of entrepreneurs with an extensive experience in building Internet companies Worldwide incl. Brazil	All our partners were involved in growing companies who broke the USD billion mark in different aspects of the business, revenue, value or GMV.

Innovation Runway Event, 20th-22nd of Feb
Lufthansa Training & Conference Center at Seehausen

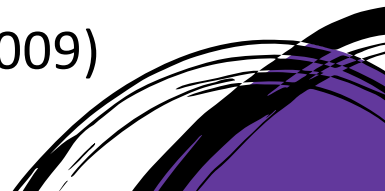


KOOLEN & PARTNERS
SMART VENTURE CAPITAL



Motivations

- Motivations of entrepreneurs are the subject of debate
- Profit-centred analysis has basis in classical economics
- Yet this analysis of entrepreneurial motivations has been questioned
 - for example Alfred Marshall depicted the entrepreneur not purely as a profit-driven individual but as an actor also motivated by non-economic concerns, such as “freedom and dignity” (Benz, 2009).
- “If you start a business, your chances are much higher that you will slip to a lower socioeconomic level than if you go work for someone else ... Starting a business means taking a chance that your family will become significantly worse off financially.” (Shane, 2009, p. 102)
- Motivations are complex
 - Desire to be own boss, execute a plan, lifestyle etc
 - Many may engage in activity for social reasons (Benz, 2009)



GEM Global Report

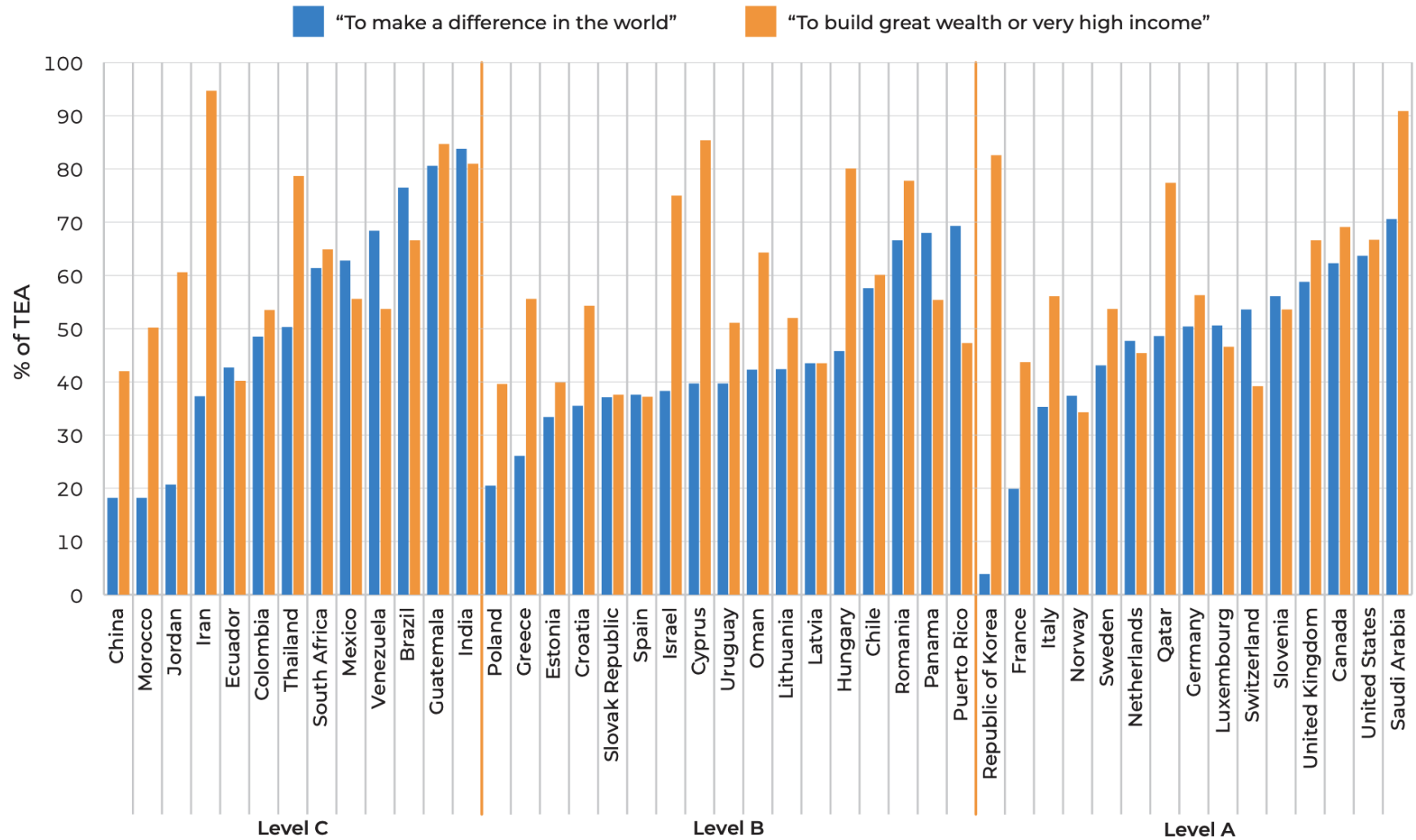


FIGURE 8.1 Agreement with motivations "to make a difference in the world" and "to build great wealth or very high income" (% Total early-stage Entrepreneurial Activity [TEA])

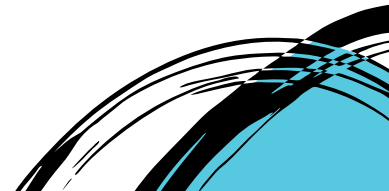
Source: GEM Adult Population Survey 2023

Opportunity and necessity

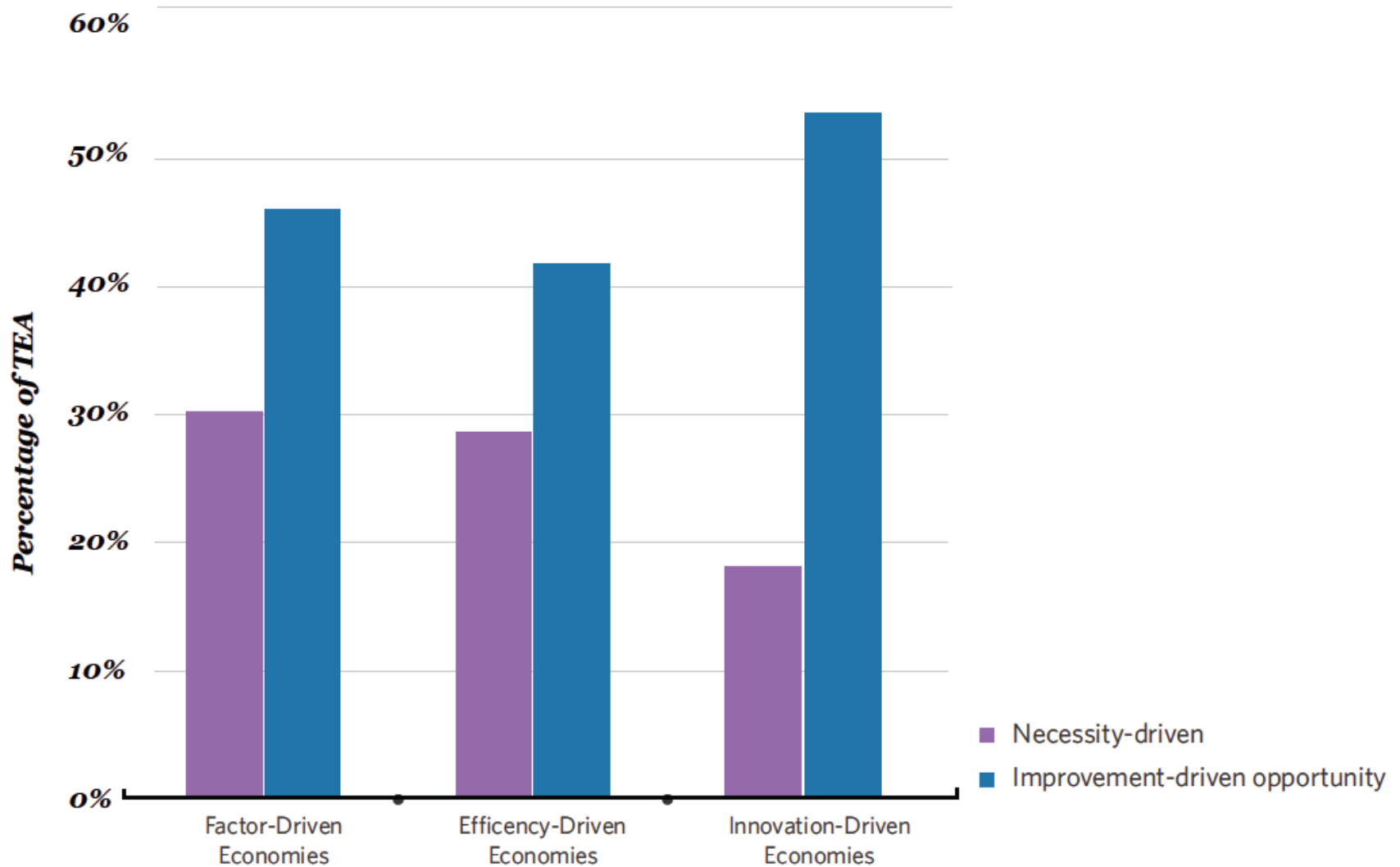
- Recent literature has often sought to distinguish between “necessity” and “opportunity” entrepreneurs
- Opportunity entrepreneurs:
 - individuals who are pulled into entrepreneurship as they
 - seek to exploit a perceived opportunity
- Necessity entrepreneurs:
 - Individuals who are pushed into entrepreneurship because all other options are absent or unsatisfactory
- Major advocate of opportunity/necessity dichotomy is GEM

Impactful Entrepreneurship

- **Improvement-Driven Opportunity (IDO) Motives.** The proportion of entrepreneurs who are opportunity-motivated and improvement-driven, in terms of seeking higher income or greater independence, accounts for an average of 37% of entrepreneurs in the low-income economies. This increases to 42% on average among the middle-income economies and 51% in the high-income economies.

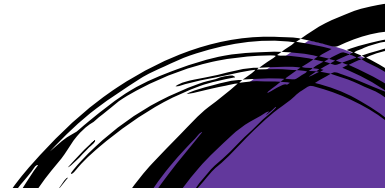


GEM Global Report



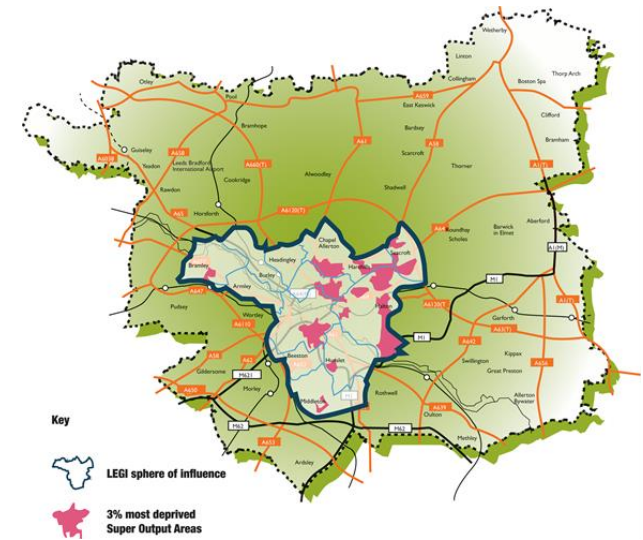
Opportunity and necessity factors

Push factors	Pull factors
Limitations on financial rewards	Working for oneself
Job insecurity	Financial rewards
Job competition	Work-life balance
Career limitations	Sense of achievement
Lack of opportunity for innovation	Freedom to innovate
Lack of recognition and being a misfit	Gaining social standing
Dissatisfaction with bosses	Flexibility



Research on Leeds

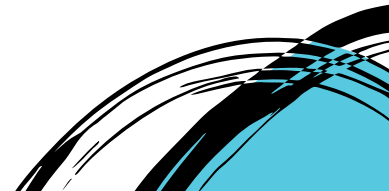
- Areas of deprivation are persistent within the city
- Examples of poverty and prosperity can be seen in close proximity



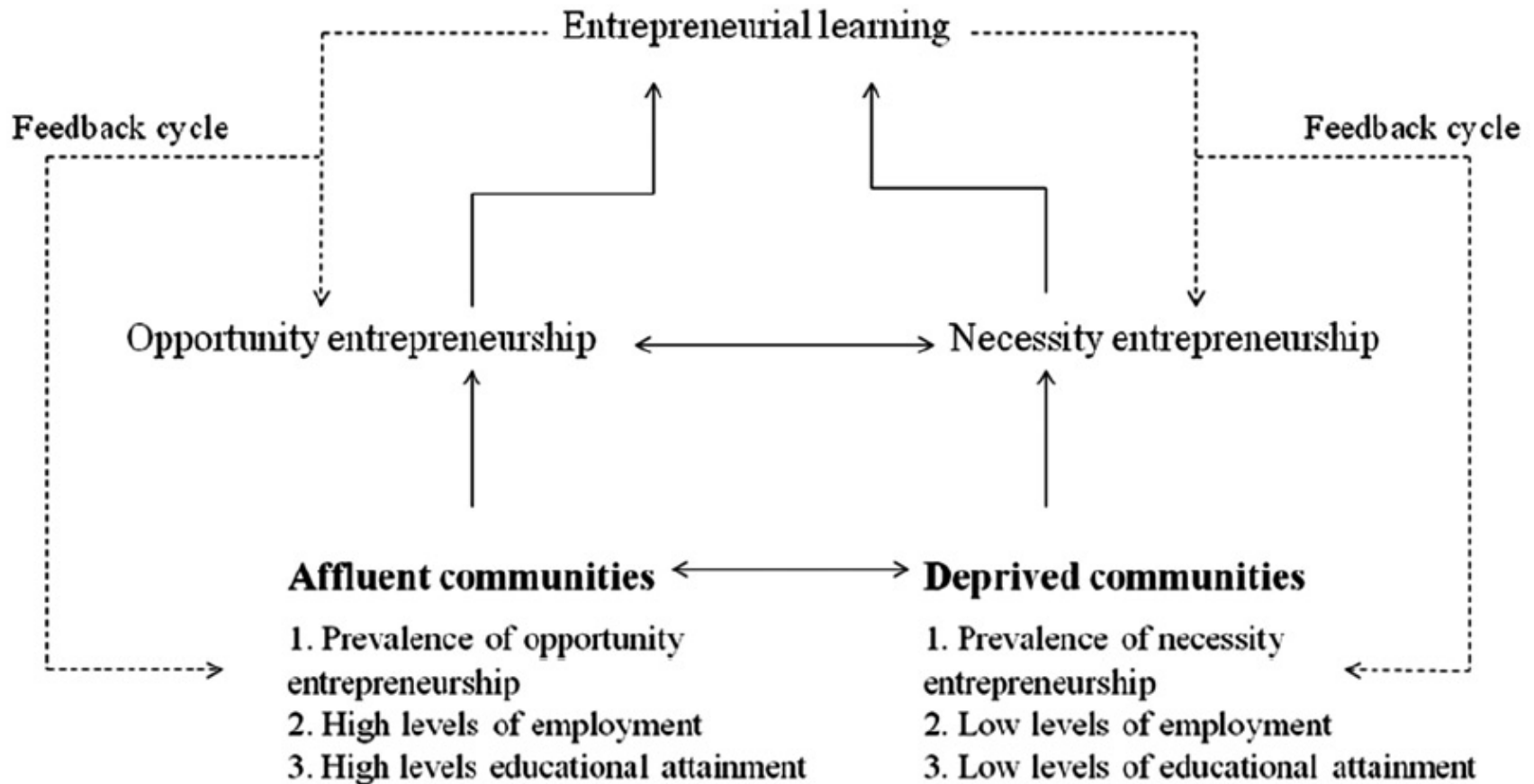
Motivations and place

	20% most deprived wards	20% quite deprived wards	20% average affluence wards	20% quite affluent wards	20% most affluent wards
TEA	6.1	6.8	6.4	6.3	5.8
Female TEA	4.1	4.8	2.5	5.1	3.3
Necessity TEA (F)	0.2	0.5	0.2	0.4	0.4
Opportunity TEA (F)	3.2	3.6	2.2	4.1	2.6
Male TEA	8.1	8.9	10.3	7.5	8.3
Necessity TEA (M)	0.8	0.7	1.1	0.9	1.5
Opportunity TEA (M)	6.3	7	8.2	4.8	5.6

Source: Harding et al. (2005, Table 7).



Research framework

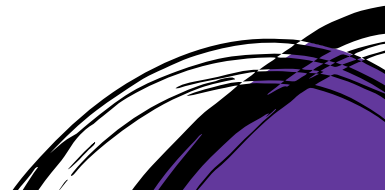


Respondent's motivations

- Multiple answers permitted (142 respondents)

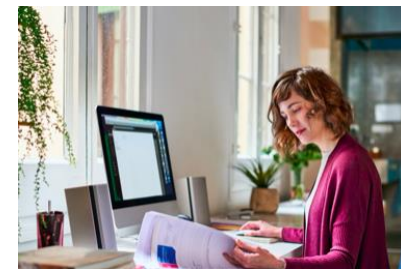
Opportunity	Results (%)	Necessity	Results (%)
Independence	71 (<i>n</i> = 102)	Dissatisfied with job	4 (<i>n</i> = 6)
To increase personal/family income	26 (<i>n</i> = 37)	No better choices for work	4 (<i>n</i> = 6)
To turn hobby into a business	15 (<i>n</i> = 21)	Redundancy	1 (<i>n</i> = 2)
To challenge myself	10 (<i>n</i> = 14)		
To fill a gap in the market	8 (<i>n</i> = 12)		

- Entrepreneur's non-monetary desire to 'hold his own with great tenacity even under considerable disadvantages; for the freedom and dignity of his position are very attractive to him' (Benz 2009, 23)



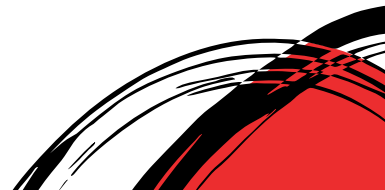
Shifting motivations

- In-depth interviews found that motivations shifted over time:
- For example, Sally:
 - thought about starting a business when she left university but decided that she did not have the experience or expertise required to make self-employment a success
 - Succession of jobs, and stated that all were low paid with little prospects for career progression
 - Made redundant from one job and received a small redundancy payment
 - Redundancy provided push she required to start her own business and she revived the start-up idea she had previously had, to set up a catering business which she could operate from home
 - Gained business advice and provided Sally with the belief that there was a market for her services
 - Seminar for female entrepreneurs motivated her to see the business as an opportunity to increase her income and allow her the freedom to adopt her own approach

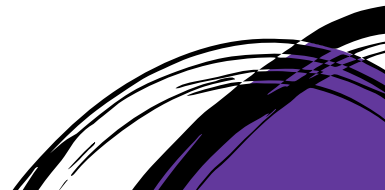


Findings

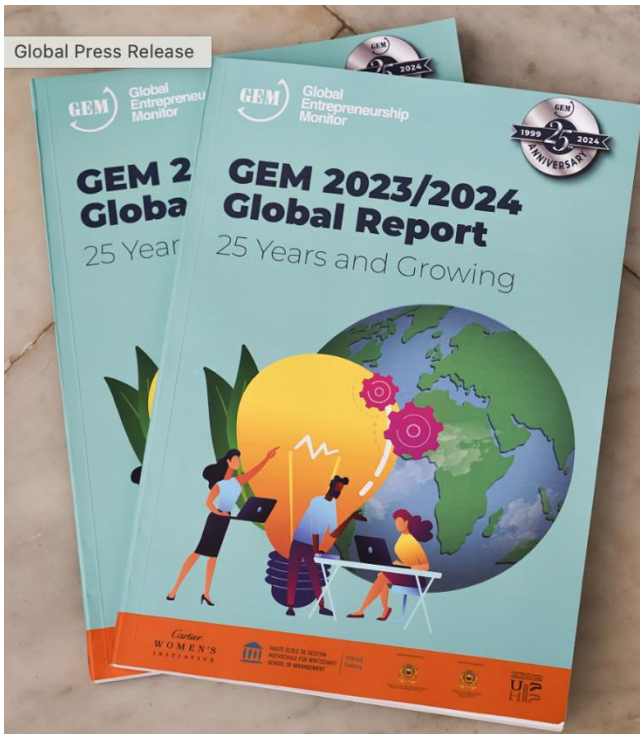
- Respondents commonly expressed multiple motivations:
 - Majority also possessed what might be termed 'temporally fluid motivations' with many asserting that their motivations had shifted over time from more necessity-driven to opportunity-driven motives
 - Research also finds that entrepreneurial motivation is contingent on place
 - Highly unlikely that the originating motivation is itself a causal condition
 - Rather, data reveal that this originating motivation is more a product of the social, economic and spatial context in which entrepreneurs find themselves and an outcome of the type of entrepreneurship available to them.
- Conclusion: need to transcend simplistic opportunity/necessity dichotomy



**So ... what makes an
entrepreneur?
Some final thoughts**



What makes an entrepreneur?



- No such thing as a typical entrepreneur
 - Combination of personality traits, motivations, circumstances
 - Tipping point is different for each individual
 - Some traits seem to be innate, others may be learned
 - Some people have one entrepreneurial moment and others have many in succession. It is not necessary to behave in an entrepreneurial way throughout life, it is possible to opt in and out
 - However, some characteristics seem more common, and predispose individuals to entrepreneurial behaviour
 - Motivations change over time and are influenced by social, economic and spatial context
- Cannot rely on their own skills and abilities alone – need teams

