

BMIH5012/D

Entrepreneurship

The characteristics, traits and motivations of an entrepreneur

Trait Theory

Entrepreneurs have the traits associated with
'business owners' but also additional:

*“almost magical qualities that the average
owner-manager does not possess”*

(Burns, 2009, p33)



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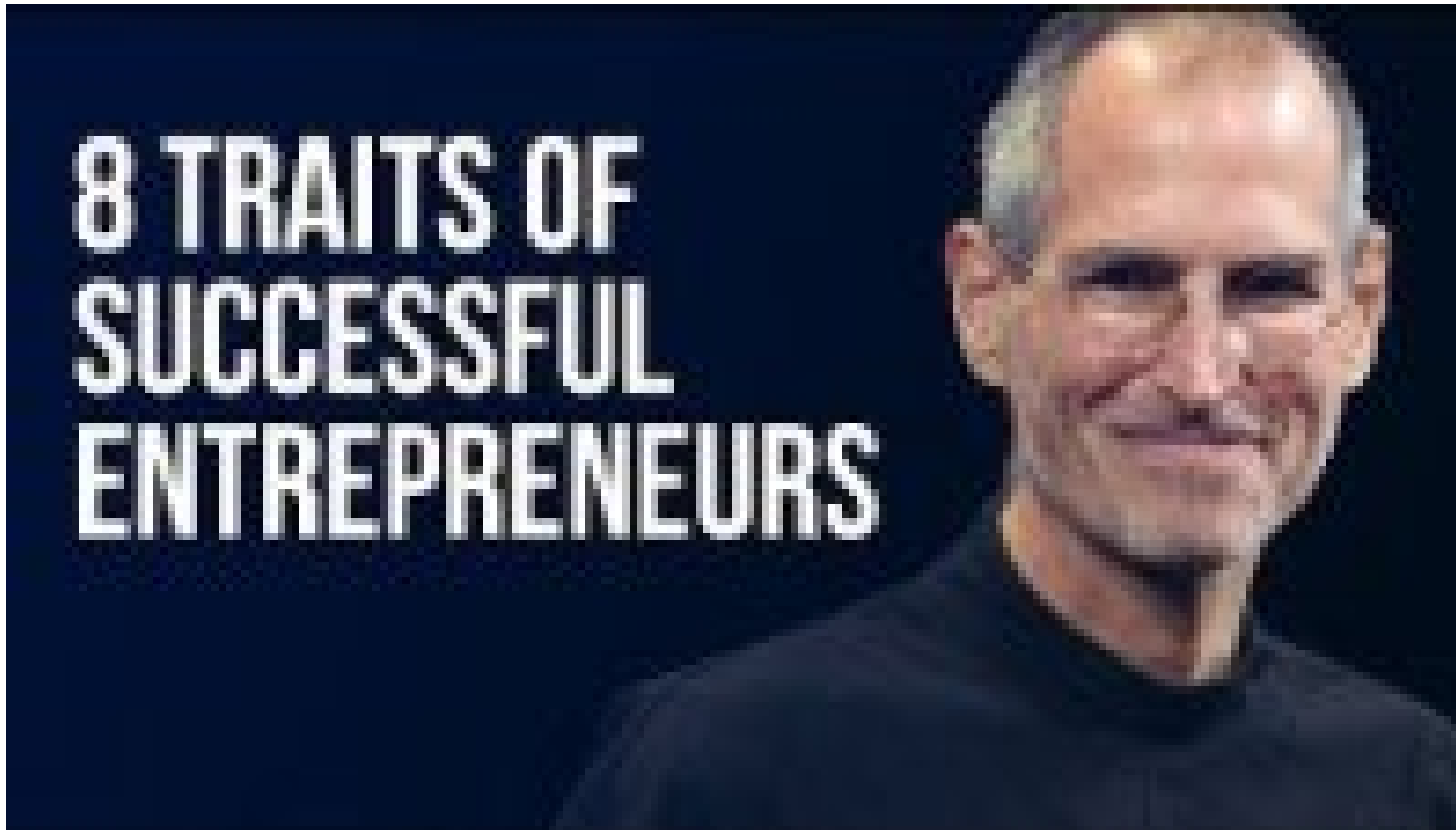
Let's look again: what is an entrepreneur?

What traits, abilities, skills, characteristics, motivations do you associate to entrepreneurs?

Make a list in small groups and get prepared to share!

entrepreneur
risk drive vision strong
resilient learn honest creative values success
hardworking committed initiative
passion motivated planning objective thoughtful entrepreneur
leader resilient driven adventurous

From an Entrepreneur's Perspective...





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Individually:

Write down your top five traits for an entrepreneur?

Make a note, of whether you believe you have these traits?

5 Distinctive Qualities of a Successful Entrepreneur

THE MEANING OF ENTREPRENEURSHIP IS 'ELASTIC' (to a degree) – NOT ALL INTERPRETATIONS ARE THE SAME AND NO DEFINITION IS PERFECT... It is for you to show your understanding of the topic and apply your learning and thinking from your research.

1. Resolute motivation and passion

As a result of their passion and motivation an entrepreneur is compelled to take on new tasks and learns new things in order to reach their goal.

2. Self-discipline and awareness

They master the inner self and inner emotions to generate a sense of responsibility of getting the job done, which fosters self-direction.

3. Risk-taking ability

A successful entrepreneur knows when to take risks and which risks will be beneficial or harmful to the company or themselves. All entrepreneurs plan before taking risks, and always have a plan B.

4. Creative/Innovative thinking

An ability to think of a wide range of new ideas helps an entrepreneur to initiate different types of business in a unique, creative way.

5. Persistence and Resilience

Even good entrepreneurs experience failures and hurdles, they must be able to pick themselves up and try again.

Entrepreneurs are human... some important traits are not found in academic text.



What new characteristics / qualities are mentioned in this video that we have not considered so far?

Why do you think these are particularly important in current times?

What about motivations?





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Discuss:

What do you think are the motivations for an entrepreneur?

What would motivate you to start a business?



Why entrepreneurship? Why become an entrepreneur?

- To fulfil a need for personal development, something you have always wanted to try, to learn, to be become the best you can be.
- For financial reward or security
- More autonomy and independence to make decision, pursue your dreams, develop your own ideas and vision.
- Be your own boss, control your own time, schedule and workload.

Types of Start-Up

The type/size of the start-up can be a good indication of the entrepreneur's motivations:

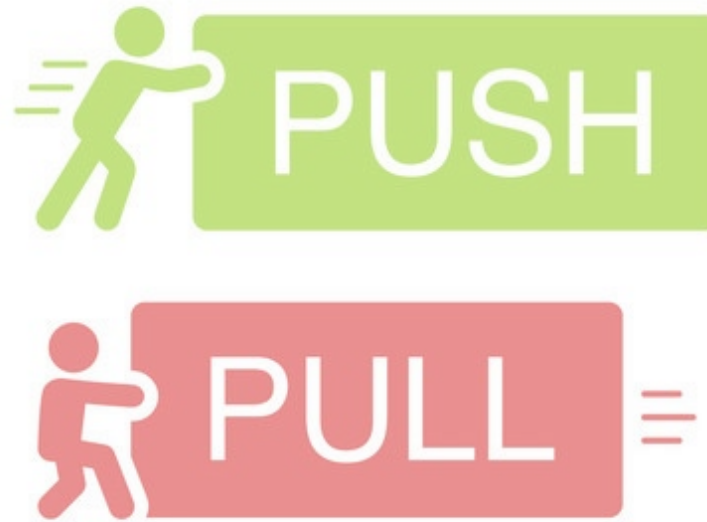
- Lifestyle Venture
Do something you love!
- Smaller Profit Venture
Work-life balance.
- High Growth Ventures
Profit and success.



The forces of entrepreneurship:

Opportunity based

- The individual is **pulled** into entrepreneurship
- **Objective:** The individual seeks greater autonomy, independence, freedom, financial gain, social status or recognition



Necessity based

- The individual is **pushed** into entrepreneurship
- **Objective:** The individual needs a source of income or pursues self-employment because there are no better options of work



Take a break...

HOSPITALITY
AND
TOURISM
MANAGEMENT



Man Geni Addysg Uwch yng Nghymru
Where Higher Education Began in Wales



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David



Linking to theory and academic models.

Generalist Trait Theory

- Looks at the importance of the human mind, human factors, and human behaviour in entrepreneurship.
- A focus on the entrepreneurial person and their individual traits, characteristics and motivations.

*... essentially what we've looked at so far.
But, what academic theory or models can we link
this to support our ideas.*



McClelland's – Theory of Needs (1960's)

Three types of needs:

1. Need for Achievement. A drive to excel, advance and grow.
2. Need for Power. A drive to dominate or influence others and situations.
3. Need for Affiliation. A drive for friendly and close inter-personal relationships.

Entrepreneurship is the result of the individual's motivations.



Closely linked to Maslow's Hierarchy of Needs.

Joining the dots – traits to academic research:

Merideth et al. (1982)

The 5 core traits of entrepreneurship:

- **Confidence**
- **Risk-taking**
- **Flexibility**
- **Achievement orientation**
- **Independence**

*Meredith, G.G., Nelson, R.E. and Neck, P.A. (1982).
The Practice of Entrepreneurship, International
Labour Office, Geneva.*



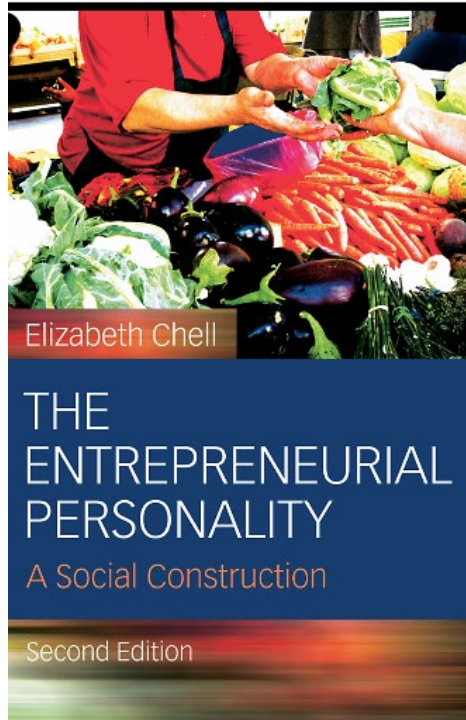
Joining the dots – *traits to academic research:*

Timmons (1994)

- Some acquired traits, some innate
- Need for achievement
- Vision and ability to inspire
- Responsibility for actions / decisions
- Ambitious
- Achieved personal goals / ambitions
- Able to cope with failure
- Creative

Timmons, J.A. (1994). New Venture Creation: *Entrepreneurship for the 21st Century*, 4th Edition, Irwin: Chicago, IL.





Elizabeth Chell et al. (2008) *The Entrepreneurial Personality : A Social Construction*. Hove, East Sussex: Routledge.

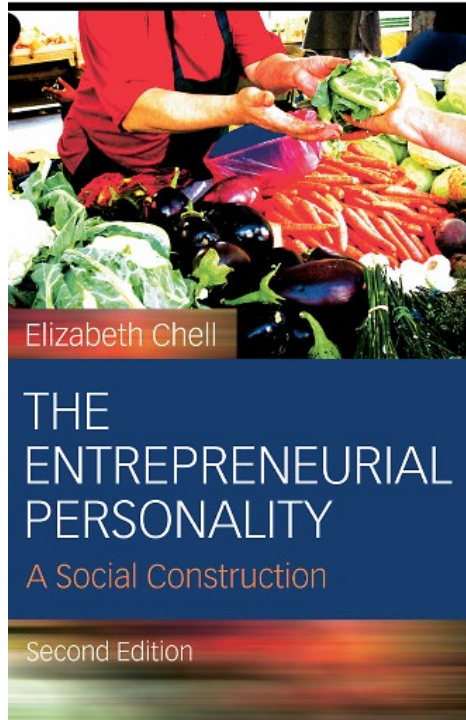
The Entrepreneurial Personality : A Social Construction

(Elizabeth Chell, David E. Wicklander, Shane G. Sturman, L. Wayne Hoover)

The Big Three:

1. THE NEED FOR ACHIEVEMENT

“...achievement motivation. The need to achieve is a drive to excel, to achieve a goal in relation to a set of standards. A person endowed with such a need will spend time considering how to do a job better or how to accomplish something important to them.”



The Entrepreneurial Personality : A Social Construction

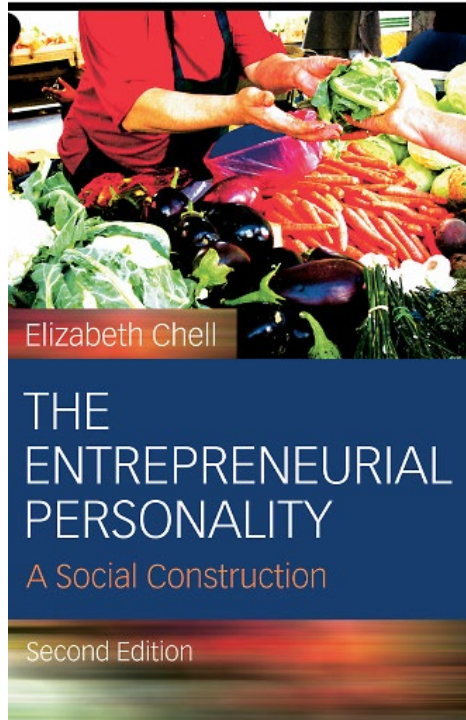
(Elizabeth Chell, David E. Wicklander, Shane G. Sturman, L. Wayne Hoover)

The Big Three: 2. LOCUS OF CONTROL

“People with an internal locus of control are those individuals who believe themselves to be in control of their destiny.”

- They do not believe in fate. You make your own luck!

Elizabeth Chell *et al.* (2008) *The Entrepreneurial Personality : A Social Construction*. Hove, East Sussex: Routledge.



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The Big Three:

3. RISK-TAKING

- Propensity to take risks even if chance of success is low
- ...Or... is it more about taking a calculated risk?



An Entrepreneur's Attitude to Risk

A study done at Princeton University, looked at two groups of people: those who have just started their own businesses and the general population. These two groups were given three options for investments...

1. A profit of \$5 million with a 20% chance of success
2. A profit of \$2 million with a 50% chance of success
3. A profit of \$1.25 million with an 80% chance of success.

Which would you pick?

Entrepreneurs picked?

Entrepreneurs usually opted for safer option 3 – a higher chance of profit, but less of it.

General public picked?

While a higher proportion of the general population went for the riskier option 1.



HOMework:

How Entrepreneurial Are You? (20mins)

<http://www.get2test.net/get2test.html>

How well do you align to the following theories and traits:

- Need for Achievement
- Need for Autonomy
- Creative Tendency
- Calculated Risk-taking
- Locus of control

Which was highest? Which was lowest for you? Save your results!!!

Are entrepreneurs born (nature) or made (nurture)?



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In what ways is an entrepreneur nurtured?

Who is responsible for inspiring, encouraging and supporting more entrepreneurship/entrepreneurs?

'Entrepreneurship: Where Nature Meets Nurture'

"From my experience, entrepreneurs are both born and made. The combination of these two forces is also not rare. Each day a new startup is launched, a new innovative idea is conceptualized and success of some kind is had. These newly successful entrepreneurs were born and nurtured toward their achievements. Their application of traits, passion, tenaciousness and yearning for knowledge is at the core of their success — a very special place where nature meets nurture."

K. Arora, Forbes.com (2019)

The Problem with Trait theory alone...

Why the nature versus nurture argument is so important is because it forces us to ask the following:

Is the entrepreneur a 'special' person, or can anyone become an entrepreneur given sufficient resources and opportunities?



Entrepreneurship Theory

- **According to economists**, entrepreneurship is dependent on the environmental drivers and economic/business opportunities that are available.
- **According to psychologists**, entrepreneurship requires the right individual with the right traits and motivations, who behaves in an entrepreneurial way.
- **According to sociologists**, entrepreneurs are nurtured within a specific social environment, and it is important that this environment/community positively supports their choices and development. Geography, culture, education and family all have influence.

We can suggest that all three are true and are required in combination to give us the best chance of successful entrepreneurship.





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In groups, identify some reasons why the world needs more entrepreneurship:

What do you think the benefits are socially and economically?

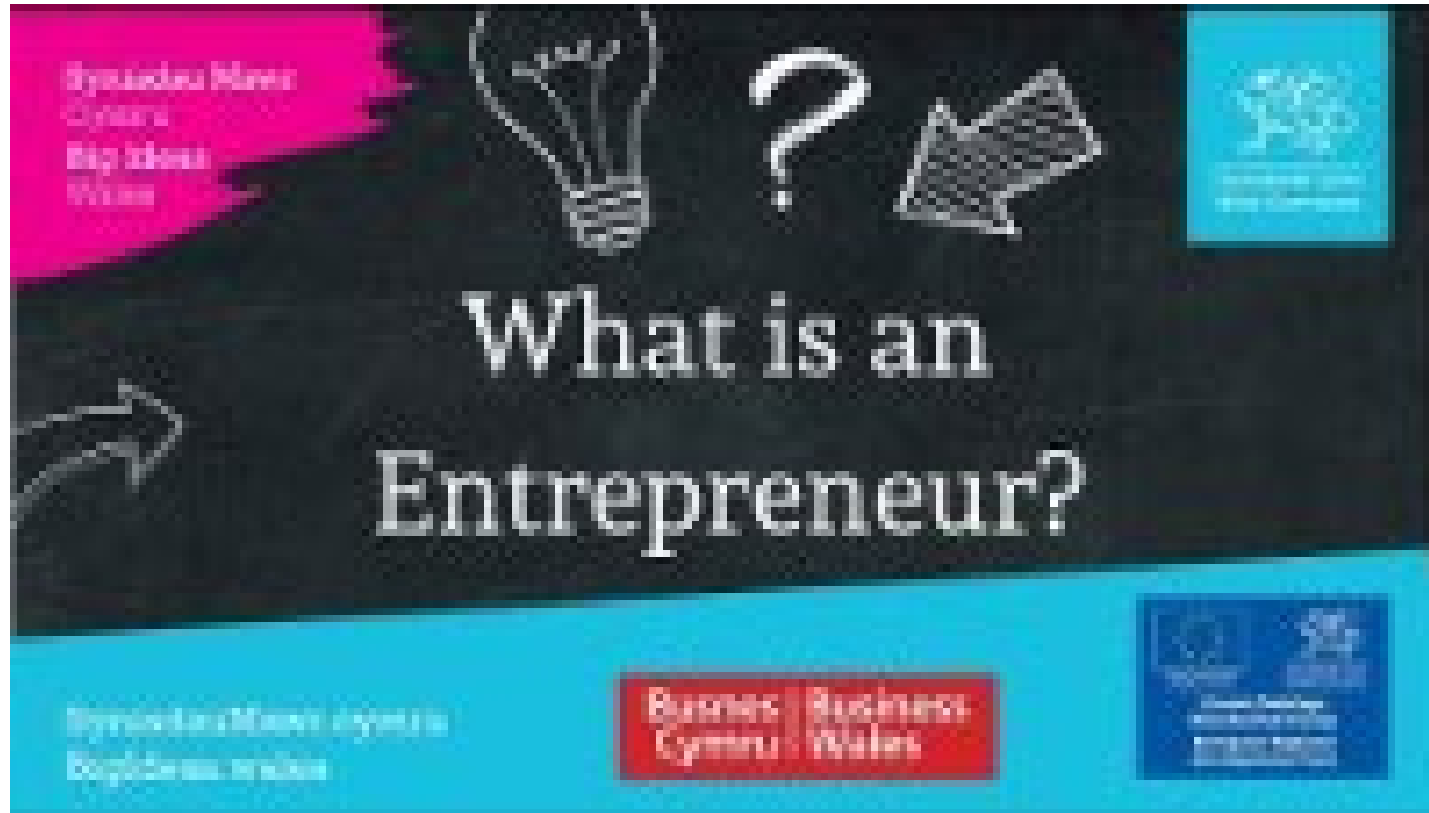
How does entrepreneurship improve people/society/community and planet/environment?



Encouraging Entrepreneurship

- Drives economic growth and creates new jobs
- Encourages innovation by bringing new ideas, products, and services to the market
- Contributes to social change by developing products or services that reduce people's dependence on outdated technologies
- Addresses social and economic problems by creating solutions that meet the needs of society
- Enables competition which improves business efficiency and lowers prices for consumer

Government support for entrepreneurship – notice the traits these business support agencies are stating are important for the next generation?



(Business Wales, 2021)

<https://www.youtube.com/watch?v=92ZmzD70sOU>

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Together, REVISIT your definition of an entrepreneur?





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TRAIT HOMEWORK:

Let's watch the first few Entrepreneurs talking about their experiences in this video:



Watch the full video during the next week and make notes on the traits, characteristics and motivations they describe.

<https://www.youtube.com/watch?v=QoqohmccTSc>

FURTHER READING:

The Heart of Entrepreneurship

by Howard H. Stevenson and David E. Gumpert,
Harvard Business Review

<https://hbr.org/1985/03/the-heart-of-entrepreneurship#:~:text=Successful%20entrepreneurs%20seek%20plateaus%20of,do%20more%20with%20less%20anyway>



Any questions?

Thank you!

I look forward to seeing you next week, if you have any questions in the meantime please send me an email...

n.dyer@uwtsd.ac.uk

...(from your student email account ALWAYS!).

HOSPITALITY
AND
TOURISM
MANAGEMENT

*Man Geni Addysg Uwch yng Nghymru
Where Higher Education Began in Wales*



Prifysgol Cymru
Y Drindod Dewi Sant
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