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The relationship between the entrepreneurial personality and the Big Five personality traits



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ABSTRACT

Although meta-analyses show that the Big Five personality traits predict business intention, creation, and success (Brandstätter, 2011), they also indicate that narrow personality traits, such as innovativeness, predict these outcomes better than broad traits, such as Conscientiousness and Extraversion (Rauch & Frese, 2007). The current study extends previous research to examine the relationship between the Big Five and a wider range of entrepreneurial outcomes (e.g. founding charitable organisations, organising events, and changing organisational practices). Additionally, it establishes the incremental validity of a narrow measure of entrepreneurial personality over the Big Five (META, Ahmetoglu, Leutner, & Chamorro-Premuzic, 2011). Both the Big Five and META significantly predict various forms of entrepreneurial success, though META does so more consistently. This suggests that narrow personality traits have incremental validity in predicting entrepreneurial success vis-à-vis the Big Five. Theoretical and applied implications are discussed.

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1. Introduction

Entrepreneurship is a major source of employment, economic growth, and technological progress (Kuratko, 2007; Reynolds, Bygrave, & Autio, 2004). Although recent years have witnessed an unprecedented interest in individual differences in entrepreneurship (Hisrich, Langan-Fox, & Grant, 2007), there is no consensus on how to define entrepreneurial success (Busenitz et al., 2003; Gartner, 1988). Most scholars simply equate entrepreneurship to business ownership (Gartner, 1988; Shane, 2008), but critics argue that this definition is too narrow (McKenzie, Ugbah, & Smothers, 2007). Shane, Nicolaou, Cherkas, and Spector (2010) proposed that entrepreneurial success encompasses any behaviour that contributes to business innovation and growth (corporate entrepreneurship; see also Zampetakis, Beldekos, & Moustakis, 2009), or social welfare (social entrepreneurship; see also Mair & Martí, 2006; Tan, Williams, & Tan, 2005). More specifically, behaviours consistently identified in relation to individual differences in entrepreneurial success are *opportunity recognition*, *opportunity exploitation*, *innovation*, and *value creation* (Ahmetoglu et al., 2011; Shane & Venkataraman, 2000). In keeping with these findings, the present study defines entrepreneurship as behaviours

that are related to the creation of value through the exploitation of opportunities in novel and innovative ways (Hisrich, Peters, & Sheperd, 2005).

Given that behaviour occurs in accordance with an individual's personality, it is plausible to expect individual differences in entrepreneurship to be, at least in part, a function of an individual's personality—regardless of whether that person is a business owner, manager, student or employee (Ahmetoglu et al., 2011; Kuratko 2007).

1.1. Personality, job performance and entrepreneurial success

Personality is a valid predictor of employee job performance, as demonstrated extensively by criterion-related validity studies (e.g., Chamorro-Premuzic & Furnham, 2010; Ones, Dilchert, Viswesvaran, & Judge, 2007). The personality-performance link is found across all occupational groups, managerial levels, and performance outcomes (Barrick & Mount, 1991; Barrick, Mount, & Judge, 2001; Hurtz & Donovan, 2000). Whereas Conscientiousness and, to some degree, Emotional Stability, have been associated with higher job performance across most types of jobs, the relationship between other Big Five traits (e.g. Extraversion, Openness and Agreeableness) and job performance is more context-dependent (Barrick et al., 2001). For example, Extraversion predicts performance only in professions that involve social interaction, whereas Openness (Barrick &

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Mount, 1991) and Agreeableness (Salgado, 1997) only predict training proficiency but not subsequent job performance.

In contrast, there is little consensus about the importance of personality as a predictor of entrepreneurial success (Baron, Frese, & Baum, 2007). Although recent meta-analytic studies did highlight significant associations between personality and entrepreneurship (Brandstätter, 2011), these findings are limited to business performance (multiple $R = .31$; Zhao, Seibert, and Lumpkin, 2010), entrepreneurial intentions (multiple $R = .36$; Zhao et al., 2010) and occupational status (multiple $R = .37$; Zhao & Seibert, 2006). For instance, when entrepreneurship is defined in terms of occupational status (i.e., business ownership), data indicates that entrepreneurs tend to score significantly higher on Conscientiousness and Openness and lower on Neuroticism and Agreeableness than managers (Zhao & Seibert, 2006). Additionally, meta-analyses reveal that there is a particular personality profile associated with a person's willingness or intention to start a business (high Conscientiousness, Openness and Extraversion, and low Neuroticism; Zhao et al., 2010). In light of these findings, it could be suggested that the Big Five may also explain individual differences in entrepreneurial behaviours beyond business ownership or start up intention, such as opportunity recognition, opportunity exploitation, innovation, and value creation.

In the above examples, business owners score lower on Agreeableness than managers (Zhao & Seibert, 2006), but Agreeableness is not associated with the intention to start a business (Zhao et al., 2010). This illustrates the need to carefully define entrepreneurial outcomes (owning a business versus intending to start a business), as well as what it means to be an entrepreneur (having an occupational status versus engaging in behaviours that lead to value creation). Indeed, narrow traits matched to more specific entrepreneurial behaviours or outcomes produced higher correlations with business creation and success compared to broad, unmatched traits in Rauch and Frese's Meta-analysis (2007). In this study, narrow traits were matched based on an analysis of the knowledge, skills and abilities relevant in entrepreneurship. These traits included: need for achievement, self-confidence, innovativeness, stress tolerance, need for autonomy, and proactive personality (the average correlation between all narrow traits and both business creation and success was .25). Broad, unmatched traits included Conscientiousness, Extraversion, Optimism, Rigidity and Conformity (average correlation with business success .03, and with business creation .12). It is likely that the matched traits are more strongly related to entrepreneurial success because they rely on explicit descriptions that are task specific (Barrick & Mount, 2005; Rauch & Frese, 2007). Additionally, matched traits produce distinct variance that contributes to the prediction of entrepreneurial success (Rauch & Frese, 2007; Tett, Steele, & Beauregard, 2003). Unfortunately, Rauch and Frese (2007) did not directly test the comparative predictive validity of the Big Five vis-à-vis narrow traits, as they only included Extraversion and Conscientiousness in their analysis.

Given the prevalent gaps in the literature relating to the narrow definition of entrepreneurship (Hisrich et al., 2007), and inconsistencies regarding the relationship between personality and entrepreneurship, the present study is an extension of previous literature through: (a) the adoption of a comprehensive definition of entrepreneurship as behaviours relating to opportunity recognition, exploitation, innovation and value creation; (b) its investigation into the Big Five's validity to significantly predict entrepreneurial success beyond business creation and success (e.g. organising events, creating charitable organisations, and changing organisational procedures), and (c) its examination of whether narrow personality traits predict unique variance in entrepreneurial success outcomes after broad personality traits have been accounted for.

Narrow traits matched to the above entrepreneurship operationalisation are assessed with the Measure of Entrepreneurial Tendencies and Abilities (Ahmetoglu et al., 2011). META assesses entrepreneurial personality by measuring the degree to which individuals differ in their tendency to engage in entrepreneurial behaviours (opportunity recognition, opportunity exploitation, innovation, and value creation). It is based on the premise that entrepreneurship comprises of a set of behaviours, and that the tendency to engage in such behaviours is normally distributed across individuals. META has been shown to predict entrepreneurial success beyond a number of broad personality traits, including core self-evaluations, emotional intelligence (Ahmetoglu et al., 2011), vocational interests (Almeida, Ahmetoglu, & Chamorro-Premuzic, 2014), and dysfunctional traits (Akhtar, Ahmetoglu, & Chamorro-Premuzic, 2013). Given the arguments presented above, the following hypotheses were tested.

H1: The Big Five personality traits will predict a wide range of entrepreneurial success outcomes other than business creation and success.

H2: META will positively predict a wide range of entrepreneurial success outcomes other than business creation and success.

H3: META will demonstrate incremental validity over the Big Five in the prediction of entrepreneurial success outcomes and produce stronger effect sizes than the Big Five.

2. Method

2.1. Participants

A total of 670 participants (322 males and 348 females) were recruited online. The mean age of this group was 33 years (80.3% aged between 19 and 43; 2.6% 18 or below; 17.1% 44 or above). Forty-eight per cent of participants were employed, 7.6% were unemployed, 31.5% were students, and 27.5% were self-employed (multiple responses such as self-employed and student were possible).

2.2. Measures

2.2.1. Big Five personality factor markers (Goldberg, 1992)

The Big Five were measured using a 50-item scale (10 items per dimension) from the International Personality Item Pool: Extraversion ('I talk to a lot of different people at parties'), Agreeableness ('I am not really interested in others'), Conscientiousness ('I like order'), Emotional Stability ('I am easily disturbed'), and Intellect/Imagination (here referred to as Openness, 'I am full of ideas'). Answers are given on a five point Likert scale ranging from 'very inaccurate' to 'very accurate'. Scores are obtained for each dimension. All dimensions demonstrated good reliability (see Table 1).

2.2.2. Measure of Entrepreneurial Tendencies and Abilities (META, Ahmetoglu et al., 2011)

META is a 44-item self-report scale measuring personality traits relevant in entrepreneurial success. META has four dimensions: Entrepreneurial Proactivity (EA; 'I am quick to spot profitable opportunities'), Entrepreneurial Creativity (EC; 'In groups, I usually have the most innovative ideas'), Entrepreneurial Opportunism (EO; 'I try to take advantage of every profitable opportunity I see'), and Entrepreneurial Vision (EV; 'I want to make a difference in the world'). Items are measured on a five point Likert scale from 'completely disagree' to 'completely agree'. An Oblimin rotated Principal Component Analysis revealed a four-factor structure of META with EA (11 items), EC (11 items), EO (11 items), and EV (11 items), which is in line with previous research (Ahmetoglu

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