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Personality Traits on Entrepreneurial Intention

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Abstract

Internal locus of control, need for achievement, risk tolerance, and entrepreneurial alertness are dimensions of personality traits which lead a person to develop the entrepreneurial intention. The purpose of this study is to explore the effects of the personality traits on the entrepreneurial intention. The author was inspired from the study of Orman (2009). This study was conducted on 480 graduate students in Turkey. Factor analyses and multiple regression analysis were conducted to the data. It was found that the personality traits had a positive effect on the entrepreneurial intention.

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1. Introduction

Internal locus of control, need for achievement, risk tolerance, and entrepreneurial alertness are dimensions of personality traits which lead a person to develop the entrepreneurial intention. Effects of these personality traits dimensions on the entrepreneurial intention have been examined in this study.

The trait approach is based on McClelland's (1961) psychological work on entrepreneurs. Bird and Jelinek (1988) claim that successful entrepreneurs distinguish themselves from unsuccessful ones by the interaction of their internal locus of control and external locus of control (Gaddam, 2008: 39). According to Frese (2009), need for achievement, locus of control (self-efficacy), innovativeness, risk taking are important personality attributes whereas education, experience, mental ability and knowledge are important human capital attributes for entrepreneurial orientation (Frese, 2009: 459).

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This paper starts with a literature review of locus of control, need for achievement, risk tolerance, entrepreneurial alertness and entrepreneurial intention. Then, it continues with the methodology including research goal, sample and data collection, research model, hypotheses, measures, analysis and results. Finally, conclusion is the last section which discusses research findings, highlights recommendations and contributions of this paper.

2. Literature Review

2.1. Locus of Control (LoC)

Locus of control (LoC) is the degree of control of a person over his/her life. Internal LoC shows that a person believes his/her decisions can control his/her life whereas external LoC shows that a person's life is affected from external factors such as destiny, luck, other people beyond his/her decisions. It is expected that people who have internal LoC can determine their career paths, have entrepreneurial intentions and start their own businesses.

LoC is a measure of the belief of people in their ability for controlling the environment through their actions. Brockhaus and Horwitz (1986) believe that people perceive the outcome of an event or their behaviors within their control (internal LoC) or beyond their control (external LoC) based on the theory of LoC. They (1986) claim that LoC is a good measure to distinguish the successful entrepreneurs from the unsuccessful entrepreneurs. They (1986) revealed that entrepreneurs whose businesses survived for three years had higher LoC than other people. Several studies which verify that internal LoC influences entrepreneurial intentions have been conducted in the literature (Brockhaus and Horwitz, 1986; Hansemark, 1998; Mueller and Thomas, 2000; Gürol and Atsan, 2006). People who have higher internal LoC will take risks and establish businesses. They believe that their actions can control the environment. Many studies showed that entrepreneurs had higher LoC than other people (Brockhaus and Horwitz, 1986; Hansemark, 1998; Mueller and Thomas, 2000) (Orman, 2009: 25-27).

LoC is a personality characteristic which shows the level of control feeling. Hisrich and Peters (1998: 68) believe that LoC is "an attribute indicating the sense of control that a person has over life." Green et al. (1996) believe that LoC is "the degree to which a person perceives success and failure as being contingent on his/her personal initiatives." People who have limited internal control believe that things happen due to destiny or accidents. Venkanthapathy (1984) assumes that internal control is one of the most dominant entrepreneurial characteristics. Entrialgo et al. (2000) add that people who have high scores on feeling of control have clear visions of the future. Mazzaro et al. (1999) state that when the internal LoC of people is stronger, entrepreneurial intention is greater (Kristiansen and Indarti, 2004: 59-60).

Rotter believes that (1966), internal LoC is related to entrepreneurs who believe their actions determine obtained rewards. People who have high internal LoC feel that they can control outcomes, must try harder and be more persistent for outcomes to establish and manage new ventures. On the other hand, externally controlled people can be more passive. When a person believes that he cannot control outcomes, he doesn't try to change his environment to establish a new venture (Rauch and Frese, 2007: 359).

Lefcourt (1972) believes that internal expectancy shows a propensity to affect a person's environment. Wichman and Oyasato (1983) claim that internally-oriented people have greater learning and adaptive abilities. Rotter (1966) differentiates people in two categories: people who are more internally-controlled and people who are more externally-controlled. People who are more internally-controlled show their interests more successfully, and manage themselves over crucial life occurrences. They can regulate social interactions much better and depend on other people less. According to Dailey and Morgan (1978); Panday and Tewary (1979), entrepreneurs are more internally-controlled. Brockhaus (1982) and Bonnett and Furnham (1991) add that successful entrepreneurs are more internally-controlled. Spector (1982) states that internally-controlled people determine their goals and ways to reach to them. He (1982) adds that internally-controlled people act "more adequately with less restrictive work conditions and role ambiguity." Brockhaus (1982) believes that an essential requirement of entrepreneurial potential is the intention to carry through. Brockhaus (1987) compared the internal orientation of entrepreneurs when they established their new ventures and 13 years later than the establishments. He (1987) found that successful entrepreneurs who could manage their companies for 13 years were more internally focused than unsuccessful ones who lost their companies (Raab et al., 2005: 74-75).

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