

The Influence of Some Personality Factors on Entrepreneurial Intentions

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Abstract

This study investigated the role of some personality variables on entrepreneurial intentions. The objectives of this study were to examine whether there would be a significant relationship between achievement motivation and entrepreneurial intentions and self- efficacy and entrepreneurial intentions. The study employed survey research design and primary data was collected using questionnaires from two hundred and twenty-eight respondents. The findings of the study revealed that there is a significant relationship between achievement motivation and entrepreneurial intentions ($r=.476$, $N=228$; $p<.05$) and also between self- efficacy and entrepreneurial intentions ($r=.548$, $N=228$; $p<.05$). Based on the findings of the study, it was recommended among others that entrepreneurs should check the level of risk involved in a business before venturing into it so as to avoid and minimize future losses. Also, people are creative and with high level of innovativeness should be encouraged to start their own business in order to reduce the rate of unemployment.

Keywords: personality, achievement motivation, entrepreneurial intentions, self- efficacy, entrepreneurs

Introduction

Many individuals in transitional economies may have the desire to pursue entrepreneurial ventures but are not doing so, not because they do not have the knowledge and skills but because they are lacking in self-belief and perhaps in the desire to achieve results. Entrepreneurship is a key factor for economic development. Public, private and non-governmental organizations are taking various measures to promote entrepreneurship in different countries. World class universities and colleagues have implemented various Postgraduate, Undergraduate and Diploma courses on small business management and entrepreneurship. In a developing country like Nigeria, the role of entrepreneurship is very important because of its role in the creation of self-employment opportunities and reduction in unemployment situations.

Paralleled with developing interest in entrepreneurship throughout the world, Nigeria also witnessed an increasing interest in entrepreneurship fields both among her academic scholars, and among government policy makers and business leaders. In course of time, some universities and vocational training institutes in Nigeria have incorporated Entrepreneurship and Small Business Management into their course curriculum so as to provide necessary exposure for students to entrepreneurial and industrial climate of the country.

For decades unemployment rate has been mounting. Recently, the global meltdown has also increased the unemployment level all over the world. This increased unemployment rate has created lots of problems both for the public and the government, like law and order situation, increased crimes and many social problems. One of the most effective alternatives suggested by the economists is self-employment.

Self-employment or entrepreneurship has contributed immensely to the amount of output throughout the world and Nigeria is no exception. For developing economies, entrepreneurship works like an engine for economic growth, job creation and social adjustment.

There have been consistent positive relationships between entrepreneurship intentions and personality traits (Yosuf et al. 2007). Gartner (1988) says that the entrepreneurs are individuals with distinctive and specific personality traits. Personality traits have direct impact on many entrepreneurial activities including the intention to launch a new business, success in business, and enhance entrepreneurial set up (Shaver and Scott, 1991).

Realizing the importance of entrepreneurship for social and economic development of Nigeria, entrepreneurship is a topic requiring a lot of attention from academics and researchers.

According to Timmons (1994) entrepreneurship is "the ability to create and build something from practically nothing. It is initiating, doing, achieving and building an enterprise or organization, rather than just watching, analyzing or describing one. It is the knack for sensing an opportunity where others see chaos, contradiction and confusion. It is the ability to build a 'founding team' to complement your own skills and talents. It is the know-how to find, marshal and control resources (often owned by others) and to make sure you don't run out of money when you need it most. Finally, it is the willingness to take calculated risk, -- both personal and financial -- and then do everything possible to get the odds in your favour." This definition by Timmons appears to be the most accurate in describing 'entrepreneurship', but it has the disadvantage that it is difficult to use in practice. Thus, an entrepreneur is seen as someone who owns and runs an independent business but acts and behaves more or less in an entrepreneurial way.

The Oxford Advanced Learner's dictionary of current English (new seventh edition) defined an entrepreneur as a "person who makes money by starting or running businesses, especially when this involves taking financial risks." Hisrich and Peters (2006) gave an economist's definition of an entrepreneur as: One who brings resources, labor, materials, and other assets into combinations that make their value greater than before, and also, one who introduces changes, innovations, and a new order (p.10). Khanka (2005) gave Jean-Baptiste Say's view of entrepreneur as an Organiser: an entrepreneur is one who combines the land of one, the labor of another and the capital of yet another, and, thus, produces a product. By selling a product in the market, he pays interest on capital, rent on land, and wages to laborers and what remains is his or her profit.

An entrepreneur is one who creates and grows a new enterprise and demonstrates characteristics of risk taking and innovation. Individuals who seek entrepreneurial careers are high in achievement motivation, take moderate risks, have more inclination and ability to innovate and have internal (rather than external) locus of control (Owoseni, 2011). Many researchers have defined entrepreneurship as the creation of a new venture or a new organization (Gartner 1988). Lumpkin and Dess (1996) are of the opinion that entrepreneurship encompasses every step taken by an entrepreneur in entry to a new business and its concomitant problems of new start-ups.

Personality research plays a critical role in the investigation of the entrepreneurial personality and has reemerged as an important area of interest (Rauch & Frese, 2000) with the individual as the unit of analysis (Korunka, et. al 2003).

Statement of the Problem

Business establishment is, however, not every body's cup of tea. It is only few individuals with certain characteristics that can strive and venture into setting business enterprises. Past studies have researched to establish the reasons that drive people to opt for creating new enterprises. But there remains an unanswered question as to why only some individuals prefer entrepreneurial activities yet others do not.

The dynamism of the world in which changes keeps on evolving, necessitates a rebirth of events such as entrepreneurship happening every now and then. The experience that established large firms are no longer creating a net increase in employment has drawn most attentions into encouraging new business formations as creators of new jobs. Opportunity recognition thus becomes important so that people strive to set business that will pull much more individuals in self-employment. This as well has resulted in the academic interest in entrepreneurship as the creator of new independent businesses. It follows that there is a dire need of understanding the stock of people who stand a chance to get involved in entrepreneurship. The same need goes beyond into inquiring and wanting to know what make people establish new businesses. Therefore the study of entrepreneurial intention is necessary as it helps and offers a means to better explain as well as predict entrepreneurship.

Objectives of the Study

1. To examine whether there will be a significant relationship between achievement motivation and entrepreneurial intentions.
2. To ascertain the relationship between self-efficacy and entrepreneurial intention.

Research Hypotheses

H1: There will be a significant relationship between achievement motivation and entrepreneurial intentions.

H2: There will be a significant relationship between self-efficacy and entrepreneurial intentions.

Literature Review

Scholarly literature on entrepreneurial behavior, attitudes and intentions is substantial. At the forefront of research are the big five personality dimensions, i.e. risk taking, need for achievement, need for autonomy, locus of control, and self-efficacy (Vecchio, 2003).

Psychodynamic theory, where human behavior is the manifestation of the dynamic interplay of the inner forces, has been criticised on both conceptual and empirical grounds (Bandura, 1986:2). The inner determinants are inferred from the very behavior it supposedly caused, creating interpretive circularities in which the description becomes the causal explanation, for instance the achievement motive is deduced from achievement behavior. There is no limit to the number of drives one can find from inferring them from behavior. However, if causal propositions concerning drives are to be empirically testable then drives should be specified by the antecedent conditions, rather than being inferred from behavior that they supposedly produce. Although psychodynamic theories have a wide acceptance and while their conceptual adequacy can be debated their empirical limitations cannot be ignored indefinitely. They provide ready interpretations of behavior that has already happened but are deficient in predicting future behavior.

This is precisely why self-efficacy as an antecedent to entrepreneurial intentions is selected. Intention cannot be inferred from action otherwise it would provide a circular explanation in which the same event is taken as evidence of both cause and effect. Rather intention must be defined independently of the behavior it regulates. In Social Cognitive Theory (SCT) intention plays a prominent role in the self-regulation of behavior (Bandura, 1986:467).

Perspectives of Entrepreneurship

Various authors have attributed different explanatory variables to entrepreneurial activity. Featuring prominently in this regard are personality and culture amongst others. In each instance, the explanation proposed by a theoretical approach does correspond well to some descriptions of entrepreneurship, but not necessarily to all. The six schools of entrepreneurship posited by Cunningham and Lischeron (1994) will offer an insight into the major approaches into which the explanation of entrepreneurship and entrepreneur have been delineated. These schools include: The “great person’s” school of entrepreneurship; the psychological characteristics school of entrepreneurship; the classical school of entrepreneurship; the leadership school of entrepreneurship; The management school of entrepreneurship; and The intrapreneurship school of entrepreneurship.

Each of these schools can be understood according to the indices by which it describes Entrepreneurship or an entrepreneur –personal characteristics, opportunities, management or the need for adapting an existing venture. The great person school emphasizes the ‘inborn’ intuitive faculty of the great person to recognize an opportunity and make the appropriate decision. This approach holds that without this intuitive faculty, the individual would lack the entrepreneurial makeup. The great person has an exceptional confidence in himself and his abilities; he is also endowed with high levels of vigour, persistence, vision, single-mindedness and self-esteem (Cunningham and Lischeron, 1994).

The psychological school of entrepreneurship undertakes the analysis of entrepreneurship at the level of individuals. In other words, individuals are the units of analysis. This approach believes that entrepreneurs have values, needs and attitude that are unique to them. It is held that a combination of these stands to distinguish entrepreneurs from non-entrepreneurs. Those with characteristics identifiable with entrepreneurs will have a higher propensity to function in entrepreneurial realms (Lachman, 1980). Three personality characteristics have featured prominently in entrepreneurship literature: risk-taking propensity; personal values (responsibility, duty etc.); and the need for achievement. This school contends that entrepreneurship is a trend that develops over time in an individual through the process of socialization.

The classical school, on the other hand, is woven around the notion of venturing, which is imbued with an element of risk and requires some creativity or innovativeness. The main ingredients of entrepreneurship, according to this school, are innovation and creativity. The underlying assumption of this school rests with the role of management in seeking opportunity that sparks innovation.

The management school suggests that an entrepreneur is a person who organizes or manages a business undertaking, assuming the risk for the sake of profit (Webster, 1966). Within this perspective, it is believed that entrepreneurship can be developed through conscious learning.

In most cases, failure in entrepreneurial activities is attributed to poor management tactics. It is therefore, averred that training in management functions can help reduce business failure substantially. The leadership school of entrepreneurship sees an entrepreneur as someone who relies on those he believes can help him achieve his purposes and objectives. This school proposes that a successful entrepreneur must be a 'people manager', an effective leader, a mentor who motivates, directs and leads others to accomplish set tasks. Kao (1989) postulates that the entrepreneur must be a leader, able to define a vision of what is possible, and attract people to rally around that vision and transform it into reality. The two major elements in this approach are: getting the task accomplished and responding to the needs of those involved in task accomplishment.

Intrapreneurship school is a response to lack of innovativeness and competitiveness within organizations. Intrapreneurs, though with limited power within organizations, act as entrepreneurs and implement their ideas without necessarily becoming owners.

Entrepreneurial Intentions

Intentionality is rooted in socio-psychology theories of behavior; it underlies theories of rationality in strategic management and serves as the *raison d'être* for teaching business and entrepreneurship in particular. The term entrepreneurial intentions has affinity with other frequently used terms designating the same meaning; e.g. entrepreneurial awareness, entrepreneurial potential, aspiring entrepreneurs, entrepreneurial proclivity, entrepreneurial propensity, and entrepreneurial orientation -EO (more concerned with the entrepreneurial process, with recent research suggesting that the sub-dimensions of EO may vary independently (Kreiser et al, 2002).

According to Bandura (2001) an intention is a representation of a future course of action to be performed; it is not simply an expectation of future actions but a proactive commitment to bringing them about. Intentions and actions are different aspects of a functional relation separated in time. Intentions center on plans of actions. Absent intention, action is unlikely. Intentions represent the belief that one will perform certain behavior. Logically, intent precedes action.

Future states cannot be causes of current motivation or action. The capability for self-motivation and purposive action is rooted in cognitive activity. The projected future can be brought into the present through forethought. However, in cognitive motivation people motivate themselves and guide their actions anticipatory through the exercise of forethought (Bandura, 1997:122).

Other self-regulatory aspects, other than forethought, of agency enter into the successful implementation of intentions. They are self-reactiveness, self-reflectiveness and self-efficacy. Perceived self-efficacy occupy the pivotal role in the causal structure of social cognitive theory because self-efficacy beliefs affect adaptation and change not only in their own right but also through the impact on other determinants. Such beliefs influence whether people think pessimistically or optimistically, and in ways that are self-enhancing or self-hindering. On the self-enhancing side the efforts center on cultivating personal resources enabling individuals to exploit promising fortuities.

This view is further reinforced by Krueger and Dickson (1994) that an increase in self-efficacy increases perceptions of opportunity i.e. individuals who perceive themselves as entrepreneurial capable are expected to be alert and sensitive to opportunity and be able to take advantage of such opportunity if worthwhile. "We do not find opportunities, we construct them. Opportunities are in the eye of the beholder; this tells us that perceptions are critical" (Krueger, 2000:6). What this reinforces is that an individual's perception, rather than objective reality, explains the decision to start a venture (Krueger, 1993; Krueger & Brazeal, 1994). Thus entrepreneurship is exactly the type of planned behavior for which intention models are suited (Krueger et al, 2000).

Review of the literature finds strong arguments for intentions, with existing applications of intentional models and self-efficacy showing consistent support (Krueger & Brazeal, 1994). Intentions are single best predictor of any planned behavior, including entrepreneurship. Intention models predict behavior better than either individual (e.g. personality) or situational (e.g. employment status) variables and predictive power is critical to better post hoc explanations of entrepreneurial behavior (Krueger et al, 2000).

Krueger (1993) defines entrepreneurial intentions as a commitment to starting a new business. This is accepted as a more encompassing concept than merely to own a business, since the creation of a venture is central to the definition of entrepreneurship. Starting a business or initiating a new venture is often described as purposive and intentional career choice with the role of entrepreneurial self-efficacy been emphasized as a key antecedent (Chen et al, 1998:297).

By understanding the antecedents of intentions, increases understanding of intended behavior. Attitudes influence behavior by their impact on intentions. Intentions and attitudes depend on the situation and person. Investigating the effect attitudes had on intention to start on business, Douglas and Shepherd (2002) found that the intention to be an entrepreneur is stronger for those with more positive attitudes to risk and independence.

Furthermore path analysis confirms that the correlation between attitudes and behavior is fully explained by attitude – intentions, and intentions – behavior links (Kim & Hunter, 1993). Intentional behavior helps explain why many entrepreneurs decide to start a business long before they scan for opportunities (Krueger et al, 2000).

Two intention-based models that are widely recognized, and offer a well-developed theory base that increases rigor of research, are: Ajzen's (1991) theory of planned behavior (developed and validated in social psychology) and Shapero's (1982) model of entrepreneurial event (not well tested). These models are compared by Krueger et al (2000), who suggests that by studying these models, which overlap considerably, it is realized that to encourage economic development in the form of new enterprises it is important to first increase perceptions of feasibility and desirability. Evidence is persuasive that perceived credibility, perceived desirability, and propensity to act explain well over half the variance in intentions toward entrepreneurship, with feasibility perceptions explaining the most (Krueger & Brazeal, 1994). This suggests raising entrepreneurial self-efficacy will raise perceptions of venture feasibility thus increasing the perception of opportunity. As self-efficacy is closest to action, and action intentionality, it can be used to predict and study the entrepreneur's behavior choice and persistence.

Raising entrepreneurial efficacies will raise perceptions of venture feasibility, thus increasing the perception of opportunity. Much as self-efficacy predicts opportunity recognition, self-efficacy perceptions are also pivotal to self-employment intentions (Scherer, Adams, Carley, & Wiebe, 1989).

Another intentions model, Bird's model (not empirically validated) of entrepreneurial intentionality, modified and strengthened by Boyd and Vozikis (1994) suggests that individual self-efficacy can explain the development of entrepreneurial intentions and also stipulates the conditions under which these intentions may be translated into action. Intentions are also an unbiased predictor of action, even when time lags exist, thus a strong intention to start a venture will result in an eventual attempt, even if other more immediate circumstances may cause a long delay (Krueger et al, 2000).

All of these models provide evidence that the construct of self-efficacy plays an important role as an antecedent for promoting the perceived feasibility of ventures. These formal theory driven models are anchored by perceived self- efficacy and are invaluable to understanding intentions toward planned, intentional behavior like entrepreneurship (Gist & Mitchell, 1992:8).

Method

Research Design

The design used for this study is the survey design. The independent variables are personality factors which comprised of achievement motivation and self-efficacy and the dependent variable is entrepreneurial intentions.

Subjects

The subjects for this study were 228 students of a private university in Oyo state who were purposively selected for this study. The demographical information of the respondents is shown in Table 1.

Research Instruments

The instrument for this study was questionnaire which was developed by Urban (2004). The scale consists of self-efficacy measures which is a 16-item scale with a five-point Likert type response format ranging from 1=of utmost importance to 5=of very little importance with Cronbach alpha of 0.90 reported by the author. Achievement motivation measures consist of 18 items with a reliability coefficient of 0.90 with a 5-point Likert type response format ranging from 1=strongly disagree to 5=strongly agree. Entrepreneurial intentions was measured with an 11 item scale with a reliability coefficient of 0.94 with a 5-point Likert response format ranging from 1=very high to 5=very low. The scales were revalidated and Cronbach alpha gave 0.91, 0.97 and 0.93 respectively.

Statistical Analyses

The demographic data were analyzed using frequency counts and simple percentages. Hypotheses 1 and 2 were tested with Pearson Correlation.

Results

Presentation of demographic data

Table 1: Summary of Simple Percentages and Frequency Counts of the Demographic Variables.

Age	Frequency	Percentage
16-20 yrs	103	45.2
21-25 yrs	81	35.5
26-30 yrs	33	14.5
Above 30 yrs	11	4.8
Total	228	100.0

In table 1, 103(45.2%) of the respondent were within the age range of 16-20 years, 81(35.5%) were within the age range of 21-25 years, 33(14.5%) were within 26-30 years while 11(4.8%) were above 30 years.

Table 2: Distribution of respondents by Years of Formal Schooling

Years of formal Schooling	Frequency	Percentage
1-5 yrs	46	20.2
6-10 yrs	13	5.7
11-15 yrs	96	42.1
21+	73	32.0
Total	228	100.0

Table 2 shows that 46(20.2%) of the respondents had a formal schooling for 1-5 years, 13(5.7%) for 6-10 years, 96(42.1%) for 11-15 years, while 73(32.0%) had above 21 years of formal schooling.

Table 3: Distribution of respondents by Religion

Religion	Frequency	Percentage
Christianity	161	70.6
Islam	67	29.4
Total	228	100.0

Table 3 indicates that 161(70.6%) were Christians, while 67(29.4%) were Muslims.

Hypotheses Testing

H1: There will be a significant relationship between achievement motivation and entrepreneurial intentions

Table 4: Summary of Pearson Correlation showing the relationship between achievement motivation and entrepreneurial intentions

Variable	Mean	Std. Dev.	N	R	P	Remark
Entrepreneur Intentions	24.4649	10.5092	228	.476**	.000	Sig.
Achievement Motivation	53.8158	21.1150				

** sig at .01 level

It was shown in the above table that there was a significant relationship between Entrepreneur Intentions and Achievement Motivation ($r = .476^{**}$, $N = 228$, $P < .05$). The hypothesis is therefore accepted.

H2: There will be a significant relationship between self-efficacy and entrepreneurial intentions

Table 5: Summary of Pearson Correlation showing the relationship between self-efficacy and entrepreneurial intentions

Variable	Mean	Std. Dev.	N	R	P	Remark
Entrepreneur Intentions	24.4649	10.5092	228	.548**	.000	Sig.
Self Efficacy	37.0175	13.6975				

** sig at .01 level

It was shown in the above table that there was a significant relationship between Entrepreneur Intentions and Self Efficacy ($r = .548^{**}$, $N = 228$, $P < .05$). Based on the result, the hypothesis is therefore accepted.

Conclusion

Entrepreneurship plays an important role in a dynamic modern economy. In relation to each of the hypothesis, support was found for the effect of personality on entrepreneurial intentions. Self-efficacy and achievement motivation does seem to explain some variations in entrepreneurial intentions as discussed in the results.

Recommendations

Based on the findings of the study, the following are recommended:

1. People who have a high achievement motivation and who believe so much in themselves should be encouraged to start their own business so as to help reduce the rate of unemployment in the country.
2. The study of entrepreneurship should be further encouraged in schools so as to increase the level of awareness among people.

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