

Entrepreneurship approach characteristics



Psychologists have contributed to the field of entrepreneurship in many ways. For long they have directed their efforts to distinguish entrepreneurs from non-entrepreneurs as well successful entrepreneurs from the unsuccessful ones though a set of common characteristics and distinctive features that entrepreneur possess.

The belief that entrepreneurs have distinctive personality characteristics has a long tradition in entrepreneurship studies. In psychology entrepreneurship can be discussed under two main approaches:

- Trait Approach
- Behavioral Approach

Trait Approach: Traits are the broader dispositions of personality directed to specific response. Categorization of people on the basis of their behavior can be done, such as ' outgoing', ' friendly', etc. ([http://www. revision-notes. co. uk/revision/71. html](http://www.revision-notes.co.uk/revision/71.html)) this approach leads to compartmentalization of individuals into entrepreneurs and non-entrepreneurs. Trait approach is also called supply side explanation of entrepreneurship and includes psychological, sociological and anthropological variants.

Traditional Trait Approach was propounded by Mistchel (1968, 1973) who considered general traits like being sociable, anxious etc to be entrepreneurial. It assumes that behavior of people remains constant in different situations. This theory was criticized and alternative theory was forwarded named ' interactionism', states that people's behavior is shaped according to personality, varying conditions and their interaction with the situation. It allowed for the change in attitudes and personality traits

according to different social contexts. It is also criticized that it doesn't account for “ what dimensions of situation”, “ identification and measurement of interaction effects” and “ interaction again gives the personality dimension without explaining the behavioral consistency”.

Hampson (1982) forwarded the theory of construction of personality, that offers three perspectives on personality;

- Personality Theorists using explicit approach, try to analyze personality by understanding its structure through apparent behavior observation.
- The Lay is an implicit approach, assumes that people have their own beliefs, intuition, self image that guide them to manipulate others actions.
- Self Perspective is concept of self construction. It states that perception of others shapes one's perception about him/herself that in turn affects how one projects his/her personality to others.

All the three are important in analyzing the personality and taking any of them in isolation is inappropriate.

(http://books.google.co.uk/books?hl=en&lr=&id=qu8NAAAAQAAJ&oi=fnd&pg=PR9&dq=wilken+1979+and+trait+approach&ots=fV--CYhKJy&sig=4_3KH2e4C2EdJG9-G5K7bmNxMwY#PPT1,M1)

Contributions:

Contributions can be divided into ‘ single trait’ and ‘ multi trait’

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Single trait approach includes famous concepts explaining entrepreneurship like ' need for achievement', ' risk taking propensity', and ' locus of control'.

Contribution of McClelland (1961) is commendable in the field that made an attempt to explain entrepreneurship, and thus economic development, by the need for achievement concept. McClelland opined that individuals in a society can be grouped into high achievers and low achievers based on their scores of Thematic Appreciation Test (TAT). Many studies on the issue found that businessmen, managers, and entrepreneurs are high scorers. They will accept risk only to the degree they believe their personal contributions will make a difference in the final outcome.

Concept of ' Locus of control' was introduced in Rotter's (1966) social learning theory, which was used to as a defining characteristic of entrepreneurs. Individuals with high internal locus of control believe that they control their destiny. Events are contingent on their own behavior and their own relatively permanent characteristics. They believe that " they make things happen" . Individuals with an external locus of control tend to believe that they are controlled by others or chance events. Whatever happens to them is the result of luck, chance, fate or powerful others. One might infer that businessmen and entrepreneurs have high internal locus of control, but different studies showed inconclusive contradictory findings. Brockhaus studied the locus of control belief of entrepreneurs (1975), and their risk tendency (1980).

Marcin and Cockrum (1984), study psychological characteristics of entrepreneurs across different countries. Hochner and Ganrose (1985)

analyze the characteristics of entrepreneurs, compared to their non-entrepreneurial fellow co-workers; and a similar psychological study is performed on female entrepreneurs by Rowen and Hisrich (1986). Cooper and Dunkelberg (1986) compare the path to entrepreneurship (inheritance, purchase, start-up) with background attitudes characteristic of a large sample of entrepreneurs. The popular press has also written extensively about the 'special psychological characteristics of the entrepreneur,' generally understood as someone who starts— somewhat successfully—his or her own business.

Other studies have subsequently found other psychological key characteristics of (successful) entrepreneurs, eg. internal locus of control, low aversion to risk taking, aggressiveness, ambition, overoptimism, desire for autonomy, marginality, personal values, and need for power (Brockhaus, 1982; Gartner, 1989; Aldrich and Zimmer, 1986; Carson et al. 1995; Delmar 1996). { Entrepreneurship as organizing, A literature study of entrepreneurship}

- Gartner criticized trait approach as the characteristics of entrepreneurs differ, no standard set of traits which are there in every entrepreneur. Both successful and non successful entrepreneurs have traits which are not there in the list provided by the theorists.

There is no standard set of traits which are there in entrepreneur only differentiating them from non-entrepreneurs.

- Delmar (1996) argues that previous studies “ either focused on the stable characteristics of the entrepreneur or the impact of the

environment on the venture performance”. His contribution is an integrated economic-psychological model of entrepreneurial behavior. He develops a model which tries to understand the impact of entrepreneurial behavior and the environmental context on entrepreneurial performance (business growth and financial). The entrepreneurial behavior is determined by both individual differences (stable determinant like intellectual ability and motivation) and task characteristics. But still the problem of basic trait approach still persist.