



GOAL DISPOSITION OF AN ENTREPRENEUR AND PERCEIVED SUCCESS OF AN ENTERPRISE: EXTENT TO WHICH BOTH AFFECTED BY PERSONALITY TRAITS OF AN INDIVIDUAL

Hitesh Gupta
 MBA HR, Chandigarh.

Abstract

Entrepreneurs are generally defined as those individuals who have unique personality traits such as extraversion, agreeableness, conscientiousness, neuroticism and openness which differentiates them from non-entrepreneurs. This study is aimed at finding the relationship between personality traits of the entrepreneur and goal orientation and perceived success of the small, medium enterprises. The study used the Big-Five model of personality to examine traits with respect to entrepreneurs. The data was collected from 112 respondents selected using snowball sampling. The result of this study suggests that there is a significant relationship between personality traits and goal orientation. Also there was a significant relationship between personality traits and perceived success of the enterprise. The demographic analysis of data suggested that gender and age had a significant relationship with perceived success of the enterprise. This research will help to increase the understanding of entrepreneurial personality traits and their corresponding effect on other variables, which can be harnessed to train and carve leadership style among upcoming future entrepreneurs.

Keywords: Personality traits, Entrepreneur, Goal orientation, Demographics.

INTRODUCTION

Entrepreneurship in recent times have drawn the interest as well as respect from various scholars for research as well as practical application of the same worldwide, as a means to wealth creation as well as personal fulfillment. It is the capacity of an individual to innovate new, to bear risks, to see in advance the prospects of the project, as well as confidence and competence to meet unforeseen and adverse conditions. Entrepreneurship has acquired considerable significance for the economic growth and industrial development in the rapidly changing socio-economic and socio-cultural climates both in the developed and developing countries.

PERSONALITY TRAITS

Personality refers to the relatively stable set of behaviors and consistent internal states that explain a person’s behavioral tendencies. Personality is the sum total of ways in which an individual reacts and interacts with others. An important framework to study personality:-

- **The big five model**

The Big Five Model: This five-factor model of personality represents five core traits that interact to form human personality. While researchers often disagree about the exact labels for each dimension, the following are described most commonly:

Trait	Description
Openness to experience	shows the degree of intellectual curiosity, creativity and a person’s preference for novelty
Conscientiousness	a tendency to act dutifully and be self-disciplined
Extraversion	Extraversion includes the traits of energetic, talkative, and assertive
Agreeableness	Traits include being kind, affectionate, and sympathetic
Neuroticism	is also sometimes called Emotional Stability and include being moody and tense

REVIEW OF LITERATURE

McClelland and Burnham, 1976¹ said that every individual falls into one of the three categories of motivational groups. Where, the first group is generally motivated by achievement, the second by affiliation and the third by power and further explained how these three effect entrepreneurs decision taking abilities. A study done by Martin Obschonka, Rainer K. Silbereisen, Eva Schmitt-Rodermund, (2010)² talk about the effects of entrepreneurial personality which included the Big Five profile, control beliefs, and early entrepreneurial competence in adolescence. In this study an association between entrepreneurial personality and early entrepreneurial competence on the one hand and both types of entrepreneurial intentions on the other was established. Also a study done by Sjoerd Beugelsdijk & Niels Noorderhaven (2005)³ regarding effect of personality traits on entrepreneurs, mainly focused on factors like age, educational profile, professional background and motivations to become self-employed. They found out that entrepreneurs are basically psychologically different from the

general population and entrepreneurs are more individually oriented than others. Franziska Leutner, Gorkan Ahmetoglu, Reece Akhtar and Tomas Chamorro-Premuzic (2014)⁴ examined the relationship between the Big Five and a wider range of entrepreneurial outcomes. They suggested that the Big Five significantly predict various forms of entrepreneurial success outcomes beyond business creation and success. Secondly, it was also established that the traits matched to the idea of entrepreneurship have incremental validity above and beyond that of the Big Five. Ekta Sharma, (2013)⁵ said that one of the major concerns in the family business is that, at times, due to differences in the motives and personality traits of the first and the second generation entrepreneurs, they spend lot of time in convincing each other of their view-points as many times they are contradictory.

Brooke R. Envick and Margaret Langford, (2000)⁶ proposed to differentiate entrepreneurs from managers using the Five-Factor Model of personality. Hao Zhao, Scott E. Seibert, G. T. Lumpkin (2010)⁷ studied the relationship of personality to outcomes associated with two different stages of the entrepreneurial process: entrepreneurial intentions and entrepreneurial performance. Their research indicated that Big Five personality dimensions were associated with both dependent variables, with agreeableness failing to be associated with either. These results suggested that personality plays a role in the emergence and success of entrepreneurs. Mo Wang and Jesse Erdheim, (2007)⁸ explored the linkages between the five-factor model of personality and goal orientation. David Zweig & Jane Webster (2003)⁹ in their research found link between goal orientation and personality traits. Their results indicated that goal orientation and general personality traits were related but distinct constructs. Goal orientation in their research emerged as a useful construct for understanding learning and performance. However, there was considerable confusion as to the nature of goal orientation and its relationship with related variables.

RESEARCH OBJECTIVES

This Study attempts to examine the linkage between personality traits, goal orientation and perceived success of enterprise. The entrepreneurs who started their own business (First generation entrepreneurs) & those who inherited their business from their ancestors (Second generation entrepreneurs) would form the sample for the study.

RESEARCH METHODOLOGY

This research was carried out using a descriptive quantitative study. For the purpose of this study, the entrepreneurs of small, medium enterprises were used as the target population. A sample size of 112 respondents was selected for this study. This study was carried out using judgmental and snowball sampling. This study was conducted using a structured questionnaire which had closed questions.

HYPOTHESIS OF THE STUDY

- H1 : There is a significant relationship between personality traits of an entrepreneur and goal orientation.
- H2 : There is a significant relationship between personality traits of an entrepreneur and success of the enterprise.
- H3 : There is a significant relation between age & gender of an entrepreneur on entrepreneur's success.
- H4 : There is a significant relation between First generation entrepreneurs / second generation entrepreneurs and personality of an entrepreneur.

HYPOTHESIS TESTING

H1 : There is a significant relationship between personality traits of an entrepreneur and goal orientation.

The results of the Spearman's correlation coefficient show the relationship between personality (extraversion, agreeableness, conscientiousness, neuroticism and openness) and goal orientation (learning goal orientation and performance goal orientation).

- There is no significant relationship between extraversion and goal orientation (learning and performance).
- There is a strong, positive correlation between agreeableness and learning goal orientation [$r=.310$, $n=112$, $p=.000$], with high levels of agreeableness associated with high levels of learning goal orientation.
- Conscientiousness has strong correlations with goal orientations. A positive and a strong correlation between conscientiousness and learning goal orientation success [$r=.285$, $n=112$, $p=.002$]. Whereas, there is a negative correlation between conscientiousness and performance goal orientation [$r= -.351$, $n=112$, $p=.000$].
- Neuroticism has a negative correlation with learning goal orientation [$r= -.312$, $n=112$, $p=.001$].
- Openness has a significantly positive correlation with learning goal orientation [$r=-.565$, $n=112$, $p=.000$] and perceived success [$r=-.534$, $n=112$, $p=.000$].

So our hypothesis is accepted and we conclude that there is a positive relation between three personality traits and learning goal orientation and a negative relation between neuroticism and learning goal orientation. Next multiple regression analysis is conducted to find out the effect of personality traits on goal orientation. Regression is calculated separately on both the

dimensions of goal orientation which is a dependent variable. The basic regression equations which studies the effect of personality on the learning goal orientation and performance goal orientation of the entrepreneurs is shown below-

Learning Goal Orientation = function (extraversion, agreeableness, conscientiousness, neuroticism, openness)
 Performance Goal Orientation = function (extraversion, agreeableness, conscientiousness, neuroticism, openness)

The output sheet of SPSS for regression analysis is shown below-

Dependent Variable: Learning Goal Orientation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.598 ^a	.358	.352	.415
2	.658 ^b	.433	.423	.391

- a. Predictors: (Constant), Openness
- b. Predictors: (Constant), Openness, Agreeableness

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.086	.404		2.689	.008
	Openness	.858	.110	.598	7.830	.000
2	(Constant)	.300	.434		.691	.491
	Openness	.793	.105	.553	7.561	.000
	Agreeableness	.291	.076	.278	3.808	.000

- a. Dependent Variable: LGO
- From the table shown above it is clear that firstly openness is a significant predictor of learning goal orientation and hence will be included in the model equation shown below-
- $Learning\ Goal\ Orientation = 1.086 + .858 (Openness).....(1)$
- $Learning\ Goal\ Orientation = .300 + .793 (Openness) + .291(Agreeableness)....(2)$

Therefore, Openness and agreeableness explains variability in Learning Goal Orientation.

Dependent Variable: Performance Goal Orientation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.317 ^a	.100	.092	.513
2	.384 ^b	.147	.131	.502
3	.426 ^c	.182	.159	.494
4	.481 ^d	.231	.202	.481

- Predictors: (Constant), Conscientiousness
- Predictors: (Constant), Conscientiousness, Agreeableness
- Predictors: (Constant), Conscientiousness, Agreeableness, Openness
- Predictors: (Constant), Conscientiousness, Agreeableness, Openness, Extraversion

It is clear from the above shown table that at first conscientiousness accounts for 10% of performance goal orientation since its R-square value is .100. Then, conscientiousness and agreeableness together account for 14.7% of LGO as R Square value is .147. Then, conscientiousness, agreeableness and openness together account for 18.2% of LGO as R Square value is .182. Then, conscientiousness, agreeableness, openness and extraversion together account for 23.1% of LGO as R Square value is .231.

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.298	.410		12.935	.000
	Conscientiousness	-.387	.111	-.317	-3.505	.001

2	(Constant)	4.955	.425		11.670	.000
	Conscientiousness	-.569	.131	-.466	-4.336	.000
	Agreeableness	.286	.117	.262	2.441	.016
3	(Constant)	5.810	.578		10.050	.000
	Conscientiousness	-.530	.130	-.433	-4.060	.000
	Agreeableness	.300	.116	.275	2.598	.011
	Openness	-.286	.134	-.191	-2.141	.035
4	(Constant)	5.326	.593		8.988	.000
	Conscientiousness	-.672	.138	-.549	-4.861	.000
	Agreeableness	.423	.122	.388	3.470	.001
	Openness	-.464	.147	-.309	-3.157	.002
	Extraversion	.334	.128	.275	2.617	.010

a. Dependent Variable: PGO.

Therefore, Conscientiousness, Agreeableness, Openness And Extraversion Explain Variability In Performance Goal Orientation.

H2: “ There is a significant relationship between personality traits of an entrepreneur and success of the enterprise”.

1. There is a strong, positive correlation between extraversion and perceived success [$r=.581, n=112, p=.000$], with high levels of extraversion associated with higher levels of perceived success.
2. There is a strong, positive correlation between conscientiousness and perceived success [$r=.501, n=112, p=.000$].
3. Openness has a significantly positive correlation with perceived success [$r=-.534, n=112, p=.000$].

So, our hypothesis is accepted and we conclude that there is a positive relation between “extraversion, conscientiousness, openness” and perceived success of the enterprise.

Next multiple regression analysis is conducted to find out the effect of personality traits on perceived success of the enterprise.

Dependent Variable: Perceived Success

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.592 ^a	.351	.345	.628
2	.735 ^b	.540	.531	.531
3	.779 ^c	.608	.597	.492
4	.813 ^d	.662	.649	.459
5	.826 ^e	.683	.668	.447

a. Predictors: (Constant), Extraversion

b. Predictors: (Constant), Extraversion, Conscientiousness

c. Predictors: (Constant), Extraversion, Conscientiousness, Openness

d. Predictors: (Constant), Extraversion, Conscientiousness, Openness, Neuroticism

e. Predictors: (Constant), Extraversion, Conscientiousness, Openness, Neuroticism, Agreeableness

Coefficients

Model	Un-standardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	-.912	.494		-1.847	.068
	Extraversion	1.034	.134	.592	7.708	.000
2	(Constant)	-3.036	.525		-5.786	.000
	Extraversion	.813	.118	.466	6.885	.000
	Conscientiousness	.796	.119	.453	6.692	.000
3	(Constant)	-4.394	.579		-7.583	.000
	Extraversion	.596	.121	.342	4.946	.000
	Conscientiousness	.751	.111	.427	6.767	.000
	Openness	.633	.146	.293	4.320	.000

4	(Constant)	-5.971	.662		-9.021	.000
	Extraversion	.545	.113	.312	4.815	.000
	Conscientiousness	.887	.109	.504	8.164	.000
	Openness	.712	.138	.330	5.162	.000
	Neuroticism	.384	.093	.247	4.130	.000
5	(Constant)	-5.420	.676		-8.018	.000
	Extraversion	.426	.119	.244	3.589	.001
	Conscientiousness	1.090	.130	.620	8.366	.000
	Openness	.789	.137	.365	5.747	.000
	Neuroticism	.356	.091	.229	3.911	.000
	Agreeableness	-.304	.114	-.194	-2.668	.009

- From the table shown above it is clear that firstly extraversion is a significant predictor of performance goal orientation and hence will be included in the model equation shown below-
- $Perceived\ Success = -.912 + 1.034(Extraversion).....(1)$
- $Perceived\ Success = -3.036 +.813(Extraversion)+ .796(Conscientiousness)....(2)$
- $Perceived\ Success = -4.394 + .596(Extraversion)+ .751(conscientiousness)+ .633(openness).....(3)$
- $Perceived\ Success = -5.971 + .545(Extraversion)+ .887(conscientiousness)+ .712(openness)+.384(neuroticism).....(4)$
- $Perceived\ Success = -5.420 + .426(Extraversion)+ 1.090(conscientiousness)+ .789(openness) + .356(neuroticism) - .304(Agreeableness).....(5)$

Therefore, extraversion, conscientiousness, openness, neuroticism and agreeableness (negatively) dimension of personality explain variability in perceived success.

H3: There is a significant relation between age & gender of an entrepreneur on entrepreneur's success.

AGE: Demographic Variable

CROSSTAB					
Count					
		Perceived Success			Total
		1	2	3	
AGE	Below 25 years	4	2	1	7
	25-35 years	20	23	9	52
	36-45 years	5	14	6	25
	Above 45 years	10	13	5	28
Total		39	52	21	112

CHI-SQUARE TEST			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.323 ^a	6	.633
Likelihood Ratio	4.466	6	.614
Linear-by-Linear Association	.710	1	.400
N of Valid Cases	112		

Thus it is statistically proved that age does not affect perceived success.

The effect of other demographic variable with respect to perceived success is also studied.

Gender: Demographic Variable

CROSSTABS

		VAR00002			Total
		1	2	3	
GENDER	Male	31	34	15	80
	Female	8	18	6	32
Total		39	52	21	112

CHI-SQUARE TEST

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.172 ^a	2	.338
Likelihood Ratio	2.222	2	.329
Linear-by-Linear Association	.840	1	.359
N of Valid Cases	112		

Using chi-square test between gender as a demographic variable and perceived success, the Pearson chi-square value comes to be 2.172 with degree of freedom 2. But Chi-square value at .050 with degree of freedom 2 is 5.991. Therefore, as our Pearson chi-square is less than 5.991. It is statistically proved that gender does not affect perceived success. Therefore, hypothesis is rejected as both age and gender are insignificant for perceived success.

H4 : There is a significant relation between first generation/ second generation entrepreneurs and personality of an entrepreneur.

CROSSTAB

		Perceived Success			Total
		1	2	3	
Level of Generation	First Generation Entrepreneur	26	29	13	68
	Second Generation Entrepreneur	13	23	8	44
Total		39	52	21	112

CGI-SQUARE TEST

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.125 ^a	2	.570
Likelihood Ratio	1.130	2	.568
Linear-by-Linear Association	.312	1	.576
N of Valid Cases	112		

Therefore, it is statistically proved that generation of entrepreneurship does not affect perceived success. Therefore, hypothesis is rejected as there is no relation between generation of entrepreneurship and perceived success.

SUMMARY OF HYPOTHESIS TESTING

Now before discussing the implications of the results of the analysis, let us first see a table that summarizes the outcome of hypothesis testing. This table is shown below-

No	Hypothesis	Method	Result
H1	There is a significant relationship between personality traits of an entrepreneur and goal orientation.	Spearman's Correlation/Multiple Regression	ACCEPTED
H2	There is a significant relationship between personality traits of an entrepreneur and success of the enterprise.	Spearman's Correlation/Multiple Regression	ACCEPTED
H3	There is a significant relation between age & gender of an entrepreneur on entrepreneur's success.	CHI-SQUARE	REJECTED
H4	There is a significant relation between first generation/second generation entrepreneurs and personality of an entrepreneur.	CHI-SQUARE	REJECTED

IMPLICATIONS OF THE STUDY

This study for SME dominated economy like India is important, where finding of this research can be used for the development and encouragement among young generations to opt entrepreneurship. One of the key implications of this study is deriving personality traits among first and second generation entrepreneurs and their relation with goal orientation and perceived success. Entrepreneurship could be promoted through SMEs to strengthen future economy of the nation. This would help to increase the awareness of both educationists and students to understand the personality traits of entrepreneurs and its relation with goal orientation and perceived success of the enterprise. This study will help to understand



entrepreneurial personality traits and their goal orientation and perceived success of the enterprise. The pedagogy institutions can train and carve leadership style and motivational profile amongst future entrepreneurs.

REFERENCES

1. McClelland, Burnham A., (1976). *The Big-Five Trait Taxonomy: History, Measurement, and Theoretical Perspectives*.
2. Obschonka, Martin. Silbereisen, R.K. Schmitt-Rodermund, Eva. (2010). *Entrepreneurial Intention as Developmental Outcome*. Elsevier.
3. Beugelsdijk S, Noorderhaven, N (2005). *Motivation, Success, and Problems of Entrepreneurs in Venezuela*. Frontiers of Entrepreneurship Research.
4. Leutner, Franziska. Ahmetoglu, Gorkan. Akhtar, Reece. Chamorro-Premuzic, Tomas., (2014). *The relationship between the entrepreneurial personality and the Big Five personality traits*. Elsevier.
5. Sharma, Ekta. (2013). *Generation Gap in Family Business: Comparison of Entrepreneurial traits of First and Second Generation Entrepreneurs*. International Journal of Humanities, Arts, Medicine and Sciences.
6. Envick, Brooke R., Langford, Margaret. (2000). *The Five-Factor Model of Personality: Assessing Entrepreneurs and Managers*. Academy of Entrepreneurship Journal.
7. Zhao, Hao. Seibert, Scott E. Lumpkin, G.T. (2010). *The Relationship of Personality to Entrepreneurial Intentions and Performance: A Meta-Analytic Review*. Journal of Management .
8. Wang, Mo & Erdheim, Jesse. (2007). *Does the five-factor model of personality relate to goal orientation?*. Elsevier
9. Zweig, David & Webster, Jane. (2003). *What are we measuring? An examination of the relationships between the big-five personality traits, goal orientation, and performance intentions*. Elsevier.
10. John, O.P., (1999). *The Big-Five Trait Taxonomy: History, Measurement, and Theoretical Perspectives*.