1 Entrepreneurial Traits

Philip Goulding, Sheffield Hallam University, UK

Introduction

The quest to understand the character traits of entrepreneurs has been an academic preoccupation for the best part of a century. As the study of human psychology rapidly developed during the first half of the 20th century, attention increasingly turned towards what became known as 'entrepreneurial personality'. 'Entrepreneurs' were considered as somehow different from the mass of the population, given their propensity to generate wealth, value and innovation. In the 1930s, the famous Austrian-American economist, Joseph Schumpeter, hailed entrepreneurs as 'great people' in that they possess character attributes not commonly found within the bulk of the population within their society. Therein started the 'great person' school of thought that gave birth to a wealth of scientific study, the purpose of which has been to unlock our understanding of the entrepreneur. Along the way, management scientists, psychologists, behaviouralists and academics from other disciplines developed related approaches such as the study of socio-cultural profiles of entrepreneurs, motivational research, entrepreneurial 'types' and so on. Arguably, the most researched approach, and the most controversial (Stevenson and Sahlman, 1989; Stanworth and Gray 1991; Chell, 2008), has been the study of personality traits (here shortened to 'traits') to understand the entrepreneur.

The rise of the modern hospitality and tourism industries, from the mid-19th century, has produced both 'great persons', i.e. individuals who stand out as internationally renowned entrepreneurial role models, as well as the many unsung 'local heroes' within their domestic or local tourism economies. As Altinay *et al*. (2012) remind us, tourism enterprise plays a significant role in economies, not only in terms of employment and wealth creation, but also in the development of destinations, new tourism products and service innovation. Therefore, an insight

into the personality traits of individuals who drive such enterprise and innovation helps us understand the wider processes of entrepreneurship.

The purpose of this chapter, therefore, is to review some of the key concepts and frameworks relating to entrepreneurial trait theory, to apply this to our knowledge of some key individuals in tourism and hospitality and to establish a base from which students can explore further. The chapter aims to establish a knowledge base that can be applied to key contexts of entrepreneurship, that are explored elsewhere in this book, for example social entrepreneurship and franchising.

By the end of this chapter, you should be able to:

- Explain and critically discuss the relevance of entrepreneurial traits;

- Identify and critically examine some of the main conceptual approaches and models of entrepreneurial trait theory;

- Apply your knowledge of entrepreneurial trait theory to individuals within the hospitality and tourism industries.

The chapter begins by examining what we mean by entrepreneurial 'traits' and 'personality'. It will critically examine some of the ways in which empirical studies have attempted to measure 'traits' and appraise some of the entrepreneurial schools of thought. The relationship between risk and entrepreneurial behaviour will then be addressed before a set of conclusions are drawn.

Trait theory within the wider knowledge domains of entrepreneurship

There is no doubt that character or personality traits have been one of the most studied areas of entrepreneurship. However, in order to help us appreciate their role in understanding entrepreneurs, it is useful to position trait theory and concepts within the wider body of knowledge that relates to, or impinges on the character of entrepreneurs.

The 'great person' approach was the first real development of the theory of entrepreneurs. It derived from the study of famous political and military leaders and thus was developed from a leadership perspective (Taylor, 2013). In the 1930s, the economist and political scientist Joseph Schumpeter argued that those individuals who drive forward economic change and wealth creation, essentially through the 'creative destruction' of the existing economic order, possess a particular set of characteristics not found throughout most of the population. His term 'Unternehmergeist' can be translated as 'entrepreneurial spirit' (Chell, 2008).

Some of the major conceptual strands of entrepreneurial theory are illustrated below. While 'great person' theory is very much the antecedent of wider personality trait studies, entrepreneurial character traits cannot be divorced from motivations, socio-demographic, cultural and cognitive approaches. For example, Drucker (1985: 23) believed that decision-making is at the heart of entrepreneurship and thus anyone who can 'face up to decision-making can learn to be an entrepreneur'. Drucker's view supports the cognitive approach, that learning, rather than purely innate personality traits, influences entrepreneurial behaviours. For Drucker, entrepreneurship is about dealing with uncertainty and it is behaviour, which can be learned, rather than personality, that equips an individual to be entrepreneurial.

Conceptual approaches to understanding entrepreneurs

'Great person' approach: The person is seen as 'special', an extraordinary achiever and one of a few, therefore a need to understand his/her qualities. Derived from Schumpeter's characterisation of entrepreneurs as creative destroyers of the existing economic/technological order in order to create new value.

Motivations: Focuses on contextual factors that influence the decision to start a business: entrepreneurial motivators : 'pull' and 'push' factors, opportunity vs necessity-driven entrepreneurship (GEM 2013).

Socio-cultural-demographic profiles: Draws attention to the social and demographic backgrounds of entrepreneurs: eg age, gender, education, ethnicity. Lots of research studies eg on female entrepreneurs, cultural backgrounds, antecedents.

Entrepreneurial 'types': Built up from numerous empirical studies and observations. See Stokes and Wilson, (2006) for a generic list (20 types identified); see Getz et al. (2004) for adaptation to small family business entrepreneur types in hospitality and tourism.

The 'trait' approach: Developed from 'the Great Person' school, examines the nature and role of personality traits; seeks to measure psychological characteristics of entrepreneurs to enhance understanding.

Cognitive or learning: People 'learn' to be entrepreneurs - i.e. are not 'born to be ('nurture vs nature' debate).