An Investigation Into The Relationship Between The Characteristics And Life Experiences Of Entrepreneurs

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Abstract: A study of ‘the relationship between the characteristics and life experiences of entrepreneurs’ has just been completed at the University of Derby. The four-fold purpose of this study, was to: identify and evaluate from existing literature the personal traits and characteristics of entrepreneurs and the main factors or life experiences which may affect their characteristics; identify from the authors primary research, the personal traits and characteristics of entrepreneurs; to identify from the authors primary research which factors or life experiences affect particularly the characteristics of entrepreneurs; and, finally, to assess whether there is any correlation between the characteristics and life experiences of the entrepreneurs investigated in this study and those identified by other academic studies.

INTRODUCTION

Since the early 1980’s interest in entrepreneurship and small business enterprises has been growing around the world (Klofsten, 2000). It is estimated that over 1.4 million people in the UK were attempting to start a business in the Spring of 1999 alone (GEM, 1999). This increase in entrepreneurial activity is a result of: technological advances; globalisation; improved telecommunications; flattening of management structures; and pressures on sectors such as steel, coal and manufacturing.

However attitudes towards entrepreneurs in the UK are a long way behind our friends on the other side of the Atlantic. Despite much government noise about measures designed to stimulate entrepreneurship, just one in thirty-three adults in Britain is starting a business compared with one in ten in the US (GEM, 2000). In fact: “On a typical day in the US, a new business is started every two seconds.” (Bygrave, 1998)
Many people have ideas or concepts but it takes something special to be able to turn it into reality. Rebecca Smith, founder of A.D. Morgan, the US construction company, speaking at debate on entrepreneurship in Palm Springs California argued that the entrepreneurial spirit is not something that individuals can acquire – it is in their genes. Rebecca was the Host to the International Conference on Entrepreneurship, held in November, 2000 and which was organised by Ernst and Young. Furthermore some have argued that it is not possible to teach a manager to be an entrepreneur, but it is possible to teach an entrepreneur to be a manager (Littlewood, 2000). Steiner (1998:9) states that entrepreneurs:

‘tend to be rebels, outsiders, and original thinkers who take risks and break new ground, constantly on the look-out for new opportunities’.

It is the belief that entrepreneurs possess a cocktail of qualities distinguishing them from the average person that has ignited the interest of economists, sociologists, psychologists and academics in understanding the entrepreneur, and resulted in a mass of information becoming available.

LITERATURE REVIEW

This section aims to highlight and evaluate the various traits identified with entrepreneurs, and then establish whether entrepreneurs are born with these traits, or whether, they are shaped and developed through their life experiences. Put simply the purpose of this review is to establish whether entrepreneurs are ‘born or made’.

The French economist Jean Baptiste Say originally “coined the term entrepreneur around 1800 when he said ‘the entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield’” (Drucker, 1985:19). However Say did not see an entrepreneur in the same light as one is seen today, his definition was intended as a manifesto and as a declaration of dissent, as he believed that the entrepreneur upsets and disorganises society (Drucker, 1985). It is said that there are almost as many definitions of an entrepreneur as there are entrepreneurs themselves (Bartlett, 1988). Casson (1982:22) states that there are two approaches to defining an entrepreneur, the functional and the indicative approach. The functional approach ‘says quite simply that an entrepreneur is what an entrepreneur does. It specifies a certain function and deems anyone who performs this function to be an entrepreneur. The indicative approach provides a description of the entrepreneur by which he
may be recognised.’ Economic theorists generally adopt the functional approach while economic historians an indicative one.

One of the main proponents of the functional approach was Schumpeter (1934, 1961) who, like Say, believed that the role of the entrepreneur was to create a new market and set up a process of destruction for its further development. However, his studies were heavily focused on radical inventions, and he described an entrepreneur as someone who is an innovator, someone who introduces new technology or new products. This definition limits entrepreneurs to someone who simply invents a new product (or service); the person may not even do anything with it. It also assumes that somebody who takes an existing product and makes it a success is not an entrepreneur. Similarly, Smith (1967) describes two specific types of entrepreneurs: the craftsman and the opportunist. The craftsman is motivated to set up a business in order to do the type of work that he enjoys, for example, a chef opening his/her own restaurant. The opportunist on the other hand focuses on profit, growth and building a large organisation, a good example of which would be Richard Branson who has established a range of businesses over several industry sectors.

In contrast to economic theorists, economic historians take the indicative or psychological approach to defining entrepreneurs focusing on the personal characteristics and traits of entrepreneurs. Bygrave (1998) identifies an entrepreneur as someone who shows initiative, imagination, creativity and flexibility, willingness to think conceptually and to see change as an opportunity. Meredith (1982) identified six core traits associated with entrepreneurs, these are, self-confidence, risk taking ability, flexibility, a strong need to achieve and a strong desire to be independent. Similarly, Timmons (1982:68) identifies several characteristics that successful entrepreneurs seem to have in common:

‘A high level of drive and energy. The self-confidence to take carefully calculated risks. A conception that money is a way of keeping score and a tool for growth. Unusual skill in motivating and eliciting productive collaboration from other people. High but realistic and achievable goals. The belief that they can control their own destinies. The ability to learn from their own failures. A long-term vision of the future enterprise, and intense competition with self-imposed standards.’

Chell et al. (1991) conducted studies on entrepreneurial personalities by expanding on three principal areas; firstly, the traits approach, which was considered by McClelland’s (1953) studies into the need for achievement, secondly an individual’s perception of their level of personal control, and
finally their propensity to take risks. Chell et al’s investigations led to a multi factor perspective categorising entrepreneurs as alert to business opportunities, pursuers of opportunities, adventurous, ideas people, easily bored, proactive, imaginative, innovative, and pursuers of broad financial strategies. This diversity in the qualities required suggests that ‘the entrepreneur needs to be a generalist rather than a specialist’ (Casson, 1982: 34). It is clear that several of these characteristics will be found in many entrepreneurs, but many people with these traits and characteristics will not automatically become entrepreneurs. Circumstances may well restrain any ambitions of potential entrepreneurs; or they may be motivated to do other things. Indeed people possessing such characteristics may find alternative careers possibly as an intrapreneur. Or the person may find him or herself with added responsibilities such as a family that may put added pressures on their actual, or desired, income level and therefore impede on any risk taking/entrepreneurial activities. Thus taken in isolation, characteristics provide an inadequate explanation (Thompson, 1999).

One of the common characteristics which theorists associate with entrepreneurs is self-confidence. Reiterating the importance of self-confidence Donald Trump, the entrepreneur and New York real estate tycoon, stated in an interview with The Times that he’s ‘rarely seen a successful person who didn’t have vanity or a big ego’ (The Times, 2000: 25). Trump himself makes a point of advertising his ‘monstrous ego,’ with his name often sprawled across his towers in Manhattan and Central Park, which just happen to be the biggest and boldest towers in the city. Similarly, Michael Bloomberg, who founded Bloomberg LP, once worked on the trading floor of Salomon Brothers. That was until 1981 when he was thrown off after he persisted in telling his bosses they were getting things wrong and that he could run the company better. He now turns over $1.3 billion per annum (Steiner, 1998). Steiner says that Bloomberg oozes self-confidence and Bloomberg himself insists that most successful entrepreneurs must have some insecurity mixed with a “little bit” of ego to succeed.

Self-confidence is an important characteristic as entrepreneurs are often faced with financial difficulties, and even failure, during the early stages of a project. Investors (such as banks and venture capitalists) would also expect to see entrepreneurs exhibit high levels of confidence and belief, not only in their ideas but also with themselves. Another characteristic associated with entrepreneurs and possessed by Trump is that they often are easily bored (Chell et al., 1991). Trump stated in the interview that he is so easily bored that he needs to be challenged, which is one of the reasons why
he is always pursuing new business ventures and surrounding himself with beautiful, strong and spirited women (Dougary, 2000).

One of the underlying characteristics that both economic theorists and economic historians identify with entrepreneurs is their propensity to risk-taking. McCarthy (2000) highlighting the following studies found that researchers are divided as to the risk-taking propensity of entrepreneurs. Ray (1986) discovered that self-esteem was closely associated with, and might have driven, risk-taking propensity. Those with very low self-esteem take either no risks or very high risks; each action reinforces their initial premise that they are unworthy individuals. Those with high levels of self-esteem are able to take risks appropriate to various situations that arise. Cox and Jennings (1995:6) in a study into the characteristics of British entrepreneurs found that entrepreneurs ‘seem to almost to enjoy risk for its own sake, as something to stimulate the flow of adrenaline and make them feel alive.’

On the other hand, Brockhaus (1980; 1987) refers to entrepreneurs as ‘moderate risk takers’, suggesting that entrepreneurs are not gamblers and tend to avoid situations involving extreme risks. However, Ray (1993) argues that this phrase is unrelated to how entrepreneurs actually think about risk or cope with risk, Ray states that risk is related to strategy and context and is not just a function of personality. In today’s business world, for instance, the amount of risk to which an entrepreneur is exposed, is reduced by mechanisms such as strategic alliances, joint ventures and licensing arrangements (Deakins, 1996). For example Ray Kroc, the founder of McDonalds restaurant chain, was able to achieve global success with limited risk by licensing his products, brand name and production techniques to individual entrepreneurs or owner/managers.

Cooper (cited in Steiner, 1998:10) believes that there are two types of entrepreneurs, ‘functional’ entrepreneurs and ‘real’ entrepreneurs. Functional entrepreneurs simply have one good idea and live off that success. ‘They like to be seen with their money because they have little drive to do it again, and they need to show they have been successful.’ Real entrepreneurs on the other hand need to keep coming up with ideas to prove to themselves, and their peers, that they can keep doing it, they are ‘driven by fear of failure than lust for money’. Cooper states that this is why so many entrepreneurs grow tired of their businesses ‘after a while and sell them or recruit sufficient fresh managers to free them from day-to-day involvement. Once the buzz from the original risk has faded, many are on
the look out for the next entrepreneurial fix.’ He goes on to say that entrepreneurs ‘get a buzz from risk taking and pitching their judgement against the odds’ (cited in Steiner, 1998:11). An example of somebody who seems to suffer from boredom and is always on the look out for his next dose of risk is Richard Branson. Not only does he partake in a number of business risks but he appears to be addicted to taking risks in every day life, for example, his transatlantic crossing, and round the world balloon trips, which have brought him close to death on a number of occasions.

Sexton and Bowman (1983), however, could not provide conclusive evidence of a casual relationship between entrepreneurs and risk-taking propensity. Other variables that seem to have an impact on an entrepreneur’s inclination towards risk-taking include gender, cultural background, stage of business development and type of business owned (Brockhaus, 1987). This relates back to Smith (1967) who identified two types of entrepreneur the craftsman and the opportunist. The craftsman would be less likely to assume the same levels of risk as an opportunistic entrepreneur, only engaging in business to continue the type of work that he/she enjoys. Although the levels of risk taking propensity may change for each individual, McCarthy (2000: 564) indicates that ‘risk taking is a relatively enduring or static property of the individual’ (and is inherent in much of the personality trait literature); ‘in other words, entrepreneurs are born and not made.’

In terms of one’s educational upbringing there is no substantial evidence that indicates whether education and social background are important to the development of entrepreneurs. Komives (1972) cited in Jennings et al. (1994 :70) found that ‘entrepreneurs have effectively the same level of education as the rest of the population, although sixty-five percent of them drop out of school or leave early because they are bored.’ Cox and Cooper (1988) found that out of forty-five British Chief Executives (CEOs) that eighteen had University degrees, two of these also had PhDs and two others had other postgraduate qualifications. Three had started University courses, but not completed them. The remaining twenty-four had all left school between the ages of fourteen and sixteen. However, Cox and Cooper did highlight that most of the CEOs were in their fifties, and that the next generation would show a higher proportion of graduates, as the trend into higher education increases. Weber (1958) describes entrepreneurial people as mainly self-made men: the upwardly mobile lower-middle classes. Similarly Bradley (1987) suggests that it is something other than education that is responsible for entrepreneurial activity. Jennings et al’s research
(1994:71) also found that ‘education is not necessarily a prerequisite for success in...entrepreneurship.’

FINDINGS AND ANALYSIS

The following section presents, and summarises, the findings collected during the course of the research. The data has been collected via a questionnaire, which forms the basis of a phenomenological investigation into the life experiences and characteristics of the respondents. In total thirty-two responses were collected.

Education

Although it has been a subject of investigation, the level and type of education have not been identified as a prerequisite for entrepreneurial success (Komives, 1970; Jennings et al., 1994; Weber, 1958 and Bradley, 1987). However this study found conflicting results. Out of thirty-two respondents fifteen had attended fee-paying schools, which compared to the national average of six percent (The Times, 2001) is an extremely high figure.

Although there was a large amount of entrepreneurs who had attended fee-paying schools the levels of qualifications achieved were surprisingly low in comparison. The study also found that an alarming twenty-two percent of the respondents had dropped out or left full time education either before or at the age of sixteen. Although these statistics appear to be high, Komives (1972) cited even more alarming figures, showing that sixty-five percent of entrepreneurs dropped out or left school early.

Cox and Cooper (1988) found that out of forty-five British Chief Executives (CEOs) forty percent had University degrees and they even suggested that future studies might see a higher proportion of degree graduates due to the increases in higher education attendances. However, this was not the case and Cox and Coopers findings were matched by this study with thirteen of the respondents (40.6%) obtaining degrees of which two had PhD’s and one was a qualified chartered account.

Komives (1970), Jennings et al (1994), Weber (1958) and Bradley (1987) all found that neither types of, or levels of, education qualification are significant to entrepreneurial success. However, contradicting their findings, this study found that a large proportion of entrepreneurs have attended independent fee-paying schools. It could therefore be argued they
have a higher standard of education compared to the majority of the population.

However, although the number of entrepreneurs who have attended further education is much higher than the national average, the levels of qualifications achieved were surprisingly low. Twenty-five percent of the sample had only achieved GCSE’s (or equivalent) which considering the number of entrepreneurs who attended fee-paying schools is a very low figure. In fact question sixteen of the questionnaire asked the respondents to give a piece of advice (from their own experience) to aspiring entrepreneurs, to which one answered ‘do not read business books’, ironically he now turns over £500 million per annum.

The low levels of qualifications achieved by entrepreneurs could be accounted for by the academic structure. The school environment where pupils are taught to be submissive, sitting in front of teachers and only being able to speak once they have raised their hand often stifles initiative and innovation. Being in the school system restricts the drive, vision and ideas of potential entrepreneurs, which is why they often look for alternative activities as soon as the opportunity arises. This may explain why such high proportions of entrepreneurs have low levels of qualifications and do not go into higher education.

As such a large proportion of entrepreneurs had attended fee-paying schools it could be concluded that it is not the level of qualification achieved but the quality and type of education which seems to lay a foundation for individuals to spring into entrepreneurial activities.

**Self-confidence**

Self-confidence has been highlighted by a number of authors as one of the most important entrepreneurial characteristics (Deveraux, 1969; Meredith, 1982; Timmons, 1982; Cox and Cooper, 1988; White, 1989; Jennings et al., 1994; Cooper, 1998; Steiner, 1998 and McClelland cited in Jennings, 1994). The results did confirm the studies of the above authors that self-confidence is an inherent entrepreneurial characteristic. It demonstrated that self-confidence is a very important characteristic especially when faced by obstacles such as sceptical investors or more importantly when the going gets tough. In fact when asked to give a piece of advice to an aspiring entrepreneur one respondent said ‘Self-belief is one of the fundamental strengths. There will be times when people will doubt you, but you must stand strong’. However, confidence is also related to other traits such as one’s propensity to risk taking. Arguably risk taking is a prerequisite for
entrepreneurs, but without the confidence in one’s abilities one would not have the confidence to take risks. Therefore self-confidence is not only an indispensable characteristic in itself but is paramount to the effectiveness of one’s risk taking abilities.

**Activeness**

Chell *et al* (1991) and Komives (1972) both found that entrepreneurs have relatively low concentration spans which Komives believes leads to many dropping out of education. The fact that entrepreneurs like to be involved in a number of activities demonstrates their low levels of concentration and supports Steiner’s (1998, p9) view that entrepreneurs ‘are constantly on the look out for new opportunities’.

The figures analysed confirmed the studies by Chell *et al* (1991) and Komives (1972) that entrepreneurs need to be kept active by a continuous flow of business ventures and projects. Cooper (cited by Steiner, 1998) stated that many entrepreneurs are on the look out for their next ‘entrepreneurial fix’, and having set up a project, they then recruit sufficient managers to run it for them, and move onto their next venture. The findings could also be related to Casson’s theory (1982) who concluded that entrepreneurs need to be generalists as opposed to specialists, and would therefore be involved in a number of activities/ventures.

**Risk Taking**

Researchers have been divided over the relationship between entrepreneurs and their propensity to risk taking. However it has been concluded from this research that an entrepreneur’s risk taking ability is an important characteristic. The questionnaire therefore included five questions that were orientated around the respondent’s feelings towards risk taking. Firstly all thirty-two respondents answered ‘yes’ to the question ‘would you consider yourself to be a risk taker?’ Question fifteen of the questionnaire asked ‘On average how often do you take *uncalculated* business risks/decisions?’ to which there was some ‘alarming’ responses. Twenty-nine percent of the sample took uncalculated business risks at least on a weekly basis.

The entrepreneurs were also asked whether they ‘enjoy’ taking risks, a question which branched from Cooper’s theory that ‘real’ entrepreneurs are always on the look out for their next ‘entrepreneurial fix’ and are addicted to the buzz of taking business risks. The results indicated that the large
majority of entrepreneurs enjoy the activity of taking risks with only twelve percent of the sample disagreeing with the statement.

The findings clearly show that risk taking whether calculated or uncalculated plays a large part of an entrepreneur’s business activities. Not only is it a necessity in daily business life but it is something that brings personal pleasure. The research shows that two thirds of the sample enjoy taking risks and they enjoy the buzz that it gives them. These results confirm the findings of Ray (1986) and Cox and Jennings (1995) who found that entrepreneurs enjoy risk for its own sake, as it stimulates the flow of adrenaline making them feel alive.

All of the risk-orientated statements have demonstrated that not only is risk taking a regular activity for entrepreneurs but it is also a source of enjoyment. However, when presented with the statement ‘I enjoy gambling’ the majority of the sample disagreed with the statement!

Having found that the sample take and enjoy taking both calculated and uncalculated business risks on a regular basis, the authors believed that such people would also enjoy a social form of risk taking such as gambling. However, the findings proved otherwise. Understandably taking risks in the business world involves much higher levels of calculation and the majority of risks are analysed in depth by experts to minimise the potential losses. Gambling on the other hand relies on a higher element of fate and luck, which those with an internal locus of control do not rely on luck or fate and would therefore only partake in risks they have control over.

**Vision**

Timmons (1982) found that entrepreneurs have a long-term vision of their future enterprise. Timmon’s findings were reflected in this study as sixty-nine percent of the sample agreed that have a long-term vision of where they want their companies to be. Having a vision is usually the starting point for entrepreneurs, an idea is formulated, and a business plan is written, financing is put in place and then the roller coaster starts. The vision acts as a goal or target for the company and is therefore a dynamic concept that evolves with the business. It is therefore understandable why the majority of entrepreneurs have a long-term vision of where they want their companies to be in the future. Being visionary could also be associated with being imaginative, as it requires imagining something that is not currently in existence.
**Life Experiences**

The research highlighted a large number of childhood or life experiences that have been identified as significant events in the shaping of an entrepreneur’s character. These can range from being an only child to the loss of a parent, but whatever the circumstance the person’s outlook on life often changes. Some may have be driven by the fear of failure inflicted by rejecting parents who they were always striving to impress, while others having been forced into a role of responsibility at an early age may develop extreme levels of confidence. Nevertheless in each case something is triggered inside the individual which gives them the unique drive and energy to become a successful entrepreneur.

**Being an Only Child or Having Elderly Parents**

A number of researchers have identified that being an only child or having elderly parents can lead to a child having feelings of detachment or loneliness, and that such experiences can lead to entrepreneurial behaviour later in life (Cox and Jennings, 1995). Of the thirty-two sampled just nine had been only children and only one had elderly parents and of these nine the majority had experienced other entrepreneurial driving factors, such as parental rejection or being poor.

The large majority of respondents had parents who were aged below thirty-five at the time of their birth. Just one person (3%) had elderly parents. However, it cannot be concluded whether this was a significant life-shaping factor as the respondent was also an only child, was forced into a role of responsibility at an early age, had a poor childhood and has experienced serious financial problems.

Due to the absence of elderly parents within the sample it can be assumed that parental age is not a particularly significant factor and that there are other, more important factors that need to be investigated. The research also shows that of the nine, who were only children, seven had experienced other factors, which may be considered to be more significant. It has therefore been concluded that being an only child is not a significant experience in the shaping of an entrepreneur’s personality.

**Parental Support**

The level of parental support entrepreneurs receives during their childhood and its influence on later life is a vague area. Researchers have established
that having either supportive or non-supportive parents can lead to entrepreneurial behaviour. As there are arguments for both sides of the story it could be presumed that it also is not a decisive factor in the shaping of an entrepreneurs character. However it is believed that the level of parental support received plays an important role in determining the level of an individual’s self-confidence (Devereaux, 1969; Cox & Cooper, 1988; White, 1989; Cooper cited in Steiner, 1998; McClelland cited in Jennings, 1994; Jennings et al., 1994).

Obviously each individual had either supportive parents or non-supportive parents and the research showed that the large majority had supportive parents for both their academic or sporting lives.

It was also evident that the large majority of entrepreneurs received support from their parents during their childhood for both their sporting and academic activities. By relating these results to the levels of self-confidence highlighted the findings emphasise the link between the level of support received during one’s childhood and their attitude towards life. Devereaux (1969), Cox and Cooper (1988) and White (1989) found that those who have supportive parents have an ‘internal locus of control’ which gives them increased levels of confidence and the belief that they can have an influence on the world around them. As self-confidence has been identified as such an important entrepreneurial characteristic any life experiences that have an effect on confidence must also be considered as important.

Being Sent Away From Home

The research shows that almost a third of the sample were sent away from home during their childhood. All but one of these attended a fee-paying school, and it can therefore be assumed that the majority were sent away to boarding school, apart from two who stated in that they had been separated from their family during wartime. Cox and Jennings also found that one of the significant shaping events was being sent away from home for either schooling or for wartime evacuation.

Mike Gooley the founder of Trailfinders Ltd, emphasised the effect that attended a boarding school had on him. Those who are sent away from home for schooling are forced into situations that others do not experience, boarding school can be a very lonely place and they often have to learn to fight for themselves. Those who succeed gain confidence, and are safe in the knowledge that they are capable of dealing with difficult situations and therefore are not afraid of facing difficult times later in life, such as the risks involved in owning their own company.
Responsibility at an Early Age

The research showed that a third of the entrepreneurs were forced into a role of responsibility at an early age and although sixty-nine percent had no such experience this is a significantly high figure. The most common occurrence was the loss of a loved one, with the majority losing either their mother or father. Two were separated from their families during wartime and one was responsible for a sibling during their childhood.

These results support the findings of Cox and Jennings (1995) and Jennings (1994) who found that a substantial number of entrepreneurs were forced into a role of responsibility at an early age and that one of the most reoccurring experiences was the suffering of bereavement at an early age. Once again this can be related back to self-confidence as those who have experienced and dealt with bereavement will be reassured that they are able to cope with traumatic situations, raising their confidence in their own abilities.

However it has been highlighted that it may not be the event itself that has an impact on the shaping of potential entrepreneurs but the way in which the individual deals with the experience (Cox and Jennings, 1995; Cooper and Hingley, 1985; and Cooper cited in Steiner, 1998).

These results demonstrate that the sampled entrepreneurs did bounce back from the unexpected events that they experienced. The findings were also supported by the research, which asked ‘have you ever experienced serious financial problems?’

It shows that almost a third of the sample had experienced serious financial difficulties during their career. These would have included such things as the re-scheduling of debts at high interest rates or the need for substantial financial support from a third party to resolve a debt problem. Although the majority had never experienced such difficulties a significant number had and as they were operating as entrepreneurs at the time of this study they had obviously bounced back from their setback and redeem themselves. One entrepreneur highlighted the need to be resilient when he said ‘no matter how many set backs you have keep striving for your goal’. These findings confirm those by Cox and Jennings (1995) who found that entrepreneurs have extreme resilience and the ability to bounce back from catastrophic situations. Half of the entrepreneurs in their study had experienced complete financial failure, sometimes more than once, but had simply collected themselves together and started again, treating the event as a learning experience.
These findings show that not only do entrepreneurs have the ability to bounce back from serious financial difficulties during adulthood but they are also able to do so when they are most vulnerable, during their childhood. Perhaps they treat such events as learning experiences simply taking what life throws at them in their stride. If an individual experiences a situation such as those highlighted above they will need to be confident that they can pick up the pieces and start again. This of course requires a high level of self-confidence, which explains why entrepreneurs are described as ‘resilient bounce back people’.

**Having a Financially Poor Childhood Background**

Previous studies have found that having a financially poor childhood is not as a significant factor in the shaping of an entrepreneur’s character. However, the results from this study show that thirteen (41%) of the respondents came from a financially poor background.

Entrepreneurs who have suffered poverty at an early age are often determined not to suffer the same conditions again. This drive is transferred into their effort towards work and therefore entrepreneurial success. Jonas Steinman, co-founder of iwon.com, the search engine business, and former Entrepreneur of the Year, highlighted this when he announced that his ‘formula for entrepreneurship is 1 percent idea, and 99 percent execution’ (Littlewood, p60 2000). By becoming entrepreneurs individuals take their finances completely into their own hands, bringing added security.

Despite the lack of evidence from previous studies it is clear to see that with over forty percent of entrepreneurs experiencing poor childhoods it is a very significant life-shaping factor.

**Primary Life Experiences**

Of the thirty-two entrepreneurs sampled, thirty had identified at least one significant shaping factor during their childhood. The two that are not included in this group included one that was an only child and one who had experienced rejecting parents. It was also shown that having strong parental support is closely related to self-confidence and therefore a significant factor, however, no such link has been made between having rejecting parents and entrepreneurial activity.

As well as eliminating being an only child and having rejecting parents as significant life shaping factors the analysis also eliminated having elderly

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parents as a significant factor. These factors have been eliminated because they have not been found to have a direct impact on the shaping of an entrepreneur’s character.

The main factors that have been identified as playing a significant role in the shaping of an entrepreneur’s character are as follows:

- being sent away from home
- being forced into a role of responsibility at an early age
- having supportive parents
- having a financially poor childhood
- type of education

The above life experiences have been identified because the results from the questionnaire have shown that a significant percentage of the sample had encountered each experience. As thirty out of the thirty-two entrepreneurs sampled (94%) had experienced at least one of the experiences then the four can be confirmed as the most significant experiences affecting the characteristics of entrepreneurs.

The first three life experiences have been identified as being significant by a number of authors. Being sent away from home or being forced into a role of responsibility at an early age force individuals into situations that often require them to overcome mental and physical fears, psychological barriers or times of extreme difficulty. If an individual survives and overcomes such experiences then they have little fear for any other obstacles that life may throw at them. Having conquered the battle the individual’s self-confidence is also enhanced, they know that they can influence the world around them, and they build an internal locus of control. Having the belief and confidence in their abilities the individual is then able and willing to partake in risk-orientated activities such as starting their own business.

It as been illustrated that having supportive parents can also lead to an internal locus of control which as demonstrated leads to high levels of self-confidence and a propensity to risk taking. The large majority of the sample had supportive parents during their childhood, which is reflected by the levels of self-confidence and the amount of risk taking activities executed by the sample.

However, there has been little literature confirming whether having a financially poor childhood drives an individual to become an entrepreneur. Research from this study found that a massive forty-one percent had come from financially poor backgrounds. Although this area has not been
recognised as an entrepreneurial life-shaping factor by previous studies these findings clearly illustrate that it is very significant factor.

Part of the research analysed a number of questions regarding the educational background of the sample. The results show that a massive forty-seven percent of the sample had attended an independent fee-paying school. Comparing this figure to the national average of six percent demonstrates that is an extremely high figure. Previous studies have dismissed this area as a significant factor in entrepreneurial development (Komives, 1972 and Jennings et al., 1994). However, with forty-seven percent of the sample attending fee-paying schools it must be identified as a significant factor.

CONCLUSIONS AND RECOMMENDATIONS

Entrepreneurship is a very ambiguous subject. Each entrepreneur is different from next; each operates in a different country, different industry and different market. They have had different upbringings, come from different backgrounds and have experienced different events during their life. But this is what makes the subject so interesting and why so many researchers have conducted studies to find out who and what makes an entrepreneur. By evaluating the magnitude of information on entrepreneurship this studied aimed to draw out the key characteristics and life experiences of entrepreneurs.

The characteristics chosen reflected the responses from the sample. Because of the consistency in the characteristics identified by the findings of previous studies the results were not surprising and they merely confirmed the findings of Timmons (1982), Bygrave (1998), Meredith (1982) and Chell et al. (1991).

Having identified that self-confidence is one of the most important entrepreneurial characteristics it was to no surprise that all thirty-two respondents agreed that they were confident in their abilities and that they also stated that they have very high levels of self-confidence. What was surprising from the findings was the extent of the risk taking activities conducted by the entrepreneurs. Out of thirty-two entrepreneurs almost a third (29%) stated that they take uncalculated business risks at least on a weekly basis. The findings showed that not only was risk taking a regular activity for the entrepreneurs, but it is also something that is thrilling and brings excitement. Cooper (cited in Steiner, 1998) highlighted that
entrepreneurs are addicted to the buzz of taking risks and this was clearly supported by the findings in this study.

Twenty-eight (88%) of the thirty-two agreed that they were imaginative and creative, twenty-nine (91%) agreed that they are innovative and twenty-three (72%) agreed that they were proactive. Adventurousness originated from the fact that the majority of the entrepreneurs stated that they are easily bored, like to be involved in as many activities as possible and that they are adventurous.

The sociological approach to entrepreneurship focuses on the behaviour patterns learned through direct experience. This approach is based on the theory that the life experiences and more importantly the childhood experiences of individuals shape a person’s character, and in this case directs them into entrepreneurial activities. The research discussed and analysed studies from the proponents of the sociological approach, and identified a number of life-shaping experiences including suffering bereavement, separation either for schooling or for wartime evacuation, being an only child, having elderly parents, having supportive or non-supportive parents and being rejected by society.

The life experiences of the sample posed more of a challenge to the findings of existing studies. Previous studies had identified being an only child or having elderly parents as significant entrepreneurial life-shaping events. However, such findings were not reflected in this study as those who had been only children had experienced other, more significant factors, such as bereavement at an early age and having supportive parents and there was just one person had had elderly parents. Similarly, as only a small minority of the sample had experienced parental rejection, and those who had, had also experienced other, more significant factors it also was not seen as a significant factor. Therefore being an only child, having elderly parents and experiencing parental rejection were all eliminated as significant life-shaping factors.

The findings identified that there were just five life experiences that had played a significant role in the shaping of the entrepreneur’s character, these were as follows:

- being sent away from home
- having supportive parents
being forced into a role of responsibility at an early age
having a financially poor childhood
type of education

Almost a third (nine) of the sample had been sent away from home during their childhood. Those who are sent away from home are often find themselves in difficult situations, such as being sent to a strict boarding school, or facing times of hardship during wartime. Those who have been through and survived such experiences at an early age often take a different outlook on life. They gain confidence knowing that they have conquered an obstacle and they take the view that there is little else in life that can be seen as a hurdle (Cox and Jennings, 1995).

The most important learning period in one’s life is during their childhood and any experiences that take place during this time have a significant effect on later life (Cox and Jennings, 1995). The most important people during this period are a child’s parents and it is their level of support that plays a key role in the shaping of an individual’s character. Twenty-five of the respondents had received high levels of parental support during their childhood for both their academic studies and social activities. Having supportive parents has been recognised by a large number of authors as an extremely significant ingredient in the shaping of entrepreneurs. Having supportive parents leads to an ‘internal locus of control’, where the individual believes that the rewards they receive in life result from forces within themselves and they are less reliant on luck or fate (Devereaux, 1969; Cox and Cooper, 1988; White, 1989). They therefore believe that they can change the world around them and such beliefs are manifested in their entrepreneurial operations.

Being forced into a role of responsibility at an early age refers to those who had lost a loved one, or were separated during wartime. Nine of the thirty-two entrepreneurs (28%) had been forced into a role of responsibility at an early age. Six lost either their mother or father, two were separated during wartime and one was made responsible for a sibling. Cooper and Hingley (1985) found that the personality of those who have suffered such experiences may protect itself by defending vulnerable aspects of the psyche by compensating through a number of defensive mechanisms, and thus gaining strength through diversity. Both Cooper (cited in Steiner, 1998) and Cox and Jennings (1995) described such people as ‘bounce-back’ people who are able to pick themselves up and simply start again, treating each event as a learning experience.
Having a financially poor childhood on the other hand has not previously been identified as a significant factor (Weber, 1958). However, of the thirty-two respondents, thirteen (41%) had experienced financially poor childhoods. As no previous studies have identified this area as significant to entrepreneurship there is little to support these findings. The research shows that there is substantial evidence to suggest that experiencing times of financial hardship is an important factor to the development of entrepreneurs. Those who have experienced such times are often determined not to suffer them again. This determination is then reflected in their will to succeed as entrepreneurs.

To conclude, this research has identified the characteristics and life experiences of entrepreneurs highlighted by the proponents of the indicative and sociological perspectives. These findings were then compared throughout the analysis to the findings from this study. In essence it has been identified that although entrepreneurs share very similar characteristics they are shaped by a variety of different life experiences. It could be argued that the findings have primarily confirmed those of previous studies, however, this has not quite been the case. This study has eliminated three life experiences that were previously found to be significant to the development of entrepreneurs (being an only child, having elderly parents and having rejecting parents) while at the same time it has identified two other significant entrepreneurial factors (financial background and type of education).

It is believed that the findings regarding the one’s financial background and type of education received have demonstrated that both areas are significant to the shaping of an entrepreneur’s character. However, this study has only touched the surface of the highlighted areas and it is therefore recommended that future studies be conducted to investigate the area fully.

During the course of this study it has also come to light that a number of the entrepreneur’s parents had owned their own businesses. This is one factor that may play a significant role in determining who becomes an entrepreneur, as it may simply be a hereditary trend. The large majority of studies have been focused on the indicative and sociological approach to understanding entrepreneurship and the author has found no material relating to this particular area. Unfortunately this realisation did not occur until the latter stages of this project, by which time the author was not able to investigate such a hypothesis. It is therefore recommended that this is another area that is investigated by future studies.
REFERENCES


