

IMPACT OF PERSONALITY ON INDIVIDUAL ENTREPRENEURSHIP ORIENTATION

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ABSTRACT

Entrepreneurship plays vital role in a nation's development. A country like India, in which a large part of the population is young, entrepreneurial activities are even more important. This research paper aims to study the relationship between Big-Five personality dimensions, namely, Openness, Conscientiousness, Extraversion, Neuroticism & Agreeableness and Individual Entrepreneurship Orientation (IEO) of Indian students. The findings show positive and strong correlation between Openness and IEO followed by Extraversion, Conscientiousness and Agreeableness. Neuroticism is found to have weak and negative correlation with IEO. The study further uses hierarchical regression to study the impact of personality dimensions on IEO. The sequences are formulated on the basis of strength of correlation between variables. The findings of the study will help in training and guidance of the students.

Keywords: *Agreeableness, Conscientiousness, Entrepreneurship, Extraversion, Openness.*

INTRODUCTION

Entrepreneurial activities in a nation represent one of the major engines of economic growth and accounts for majority of new business development and job creation. The relationship between entrepreneurial activities with long-term economic development and growth has long been established (Covin & Lumpkin, 2011; Kundu & Rani, 2016). Entrepreneurship has a major role to play in an economy where population is in abundance and employment opportunities are less. The government of India has been continuously initiating measures to boost such activities in the country. Many universities have established incubation centers to promote entrepreneurship. Entrepreneurship has also caught the fancy of the academic researchers and in the past few years, there is an upsurge in the academic literature related to entrepreneurship. The variable has been studied from various perspectives like the researchers have found the entrepreneurial orientation of the firms positively affects the performance of the firm in the initial period of the firm (Goktan & Gupta, 2013; Gupta & Gupta, 2015). The construct has also been studied as the individual level entrepreneurship orientation (Kundu & Rani, 2016). Entrepreneurship and entrepreneurship orientation are separate as the earlier can be considered as the new entry in the market whereas the latter relates with the traits of the firm (Lumpkin & Dess, 1996). The entrepreneurial orientation of the firm has been assessed by the researchers using the five dimensions, Autonomy, Risk-taking, Innovativeness, Proactiveness and Competitive Aggressiveness (Barrick, Mount, & Gupta, 2003; Zhao & Seibert, 2006). These traits were later applied at the Individual level so to ascertain the entrepreneurial orientation of individual level (Langkamp Bolton & Lane, 2012).

Interest in the entrepreneurship has brought interest in the personality characteristics of the entrepreneurs. The focus was brought on to understand the difference in the personality characteristics of entrepreneurs and managers (Kerr, Kerr, & Xu, 2017). The study revealed that managers are more Agreeable and Conscientious than entrepreneurs. Researchers have found that personality plays a role in the emergence and the success of the entrepreneurs (Zhao & Seibert, 2006). The present study is an attempt to understand the relationship between big five personality characteristics and entrepreneurial orientation of the students. The study will help in suitably training the students for such roles in the future. The researchers all over the world have been trying to understand the role of personality on entrepreneurial intention and behavior. However the literature on Individual entrepreneurship orientation is still in the earlier stage hence the present study is an attempt to fill the vacuum and contribute in the literature development on entrepreneurship.

LITERATURE REVIEW

Entrepreneurship has been studied from the various aspects like as a firm level variable, as personality trait differentiating between managers and entrepreneurs and also as a personality trait among students (Brandstätter, 2011; Goktan & Gupta, 2013; Ibrahim & Mas'ud, 2016). (Awang et.al., 2016) tried to understand the relationship between the attitude towards entrepreneurship and the participation in entrepreneurial education of the students. Empirical evidence was derived from a quantitative approach based on a cross sectional study among 202 students. It was based on the theory of planned behavior. The study concluded that students grade, individual entrepreneurial orientation comprises of proactive personality

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and risk-taking propensity were important in explaining attitude towards entrepreneurship, participation in entrepreneurship education, PBC perceived behavioral control and subjective norm. (Hmedat, Ali, & Muthuraman, 2017) studied the MBA students and their inclination towards entrepreneurship in the country of Oman. The findings suggested that MBA students had higher inclination towards entrepreneurship than the students from other disciplines. (Lee-Ross, 2017) conducted an examination of entrepreneurial intent of MBA final year students in Australia. The study found that students studying entrepreneurship has higher entrepreneurial intent than other students. The theory of planned behavior coined by Aizen was used to examine the entrepreneurial intention of the students.

Kundu & Rani (2016) studied entrepreneurial orientation of females in the Indian context and also assessed the difference in females' entrepreneurial orientation on the basis of their education levels. It was concluded that an inverse relationship is between education level and IEO. The entrepreneurial orientation was assessed using personality characteristics like achievement motivation, innovation, personal control & self-esteem. In another study conducted by them Kundu & Rani (2007) found that females of South India have higher EO than the other parts of India.

Ibrahim & Mas'ud (2016) studied the impact of the entrepreneurial skill, environmental factors and entrepreneurial orientation on entrepreneurial intention as well as the indirect (moderating) effect of entrepreneurial orientation on the relationship of entrepreneurial skill and environmental factors with entrepreneurial intention. Quantitative research design was employed using students' sample. It was found that entrepreneurial skill, environmental factors and entrepreneurial orientation have a positive influence on entrepreneurial intention. It was also discovered that entrepreneurial orientation moderates the relationship between entrepreneurial skill and entrepreneurial intention. However, the moderation effect of entrepreneurial orientation on the relationship between environmental factors and entrepreneurial intention was not established in the study.

Goktan & Gupta (2013) conducted a four country wide study to understand the impact of sex and gender on IEO. While the sex is biological construct, gender is socially created construct. Results suggested that IEO is higher among men whereas males & females and masculinity & femininity are positively related to IEO.

Vantilborgh, Joly & Pepermans (2015) examined the level of interest in entrepreneurship among what may be India's next generation of entrepreneurs, namely undergraduate business students, and draws comparisons with students enrolled in the US. It was suggested that despite a combination of social structures and cultural values within India that historically constrained entrepreneurship, a number of efforts in recent years seem to have significantly shifted the national mindset regarding entrepreneurship, particularly among India's youth

who were found to demonstrate a significantly higher level of interest in starting new ventures than their US counterparts.

Entrepreneurship and Personality

Personality plays a role in the emergence and in the success of the entrepreneurs. Bolton & Lane (2012) examined the relationships of the dark triad personality characteristics with entrepreneurial intentions and motives. Results from samples of business undergraduates (508) and MBA students (234) found narcissism to be positively related to entrepreneurial intentions. In addition, results from subgroups of business undergraduates and MBA students high in entrepreneurial intentions (i.e., early-stage nascent entrepreneurs) indicated differences in motives for engaging in the startup process. The study found all facets of the dark triad to be positively associated with unproductive entrepreneurial motives, and observed differential associations of the dark triad characteristics with productive entrepreneurial motives. While individuals high in the dark triad may not be greatly over-represented in the pool of aspiring entrepreneurs, those who do possess entrepreneurial intentions may stand to use entrepreneurship as a vehicle for appropriating value rather than creating it.

Personality has been conceptualized from a variety of theoretical perspectives and at various levels of abstraction or breadth (McCrae & Costa, 1987). An appropriate taxonomy can help researchers to study specified domains of personality characteristics rather than examining separately the thousands of particular attributes that make human beings individual & unique. On a general taxonomy of personality traits, the big-five personality dimensions has gained consensus over the years. The five macro traits cover a distinct set of characteristics. Openness to experience describes breadth, depth, originality and complexity of an individual's mental and experiential life. Conscientiousness describes socially prescribed impulse control that facilitates task & goal oriented behavior. Extraversion implies an energetic approach towards social and material world & includes traits such as sociability, activity, assertiveness and positive emotionality. Agreeableness contrasts a prosocial and communal orientation towards others with antagonism & includes traits like altruism, tender-mindedness and modesty. Neuroticism contrasts emotional stability & even temperedness with negative & emotionality such as feeling anxious, nervous, sad & tense.

OBJECTIVE & SCOPE OF THE STUDY

The present study is an attempt to understand the relationship between Individual Entrepreneurial Orientation and Big Five Personality dimensions and to analyze the impact of Big-five personality dimensions on students' Individual Entrepreneurial Orientation. The scope of the study is limited to variables under study and students studying in Delhi-NCR region in management colleges.

HYPOTHESE OF THE STUDY

The present study tests the following hypotheses.

H₁: There is a statistically significant relationship between Openness Personality Dimension and Individual Entrepreneurship Orientation (IEO).

H₂: There is a statistically significant relationship between Extraversion Personality Dimension and Individual Entrepreneurship Orientation (IEO).

H₃: There is statistically significant relationship between Conscientiousness Personality Dimension and Individual Entrepreneurship Orientation (IEO).

H₄: There is statistically significant relationship between Agreeableness Personality Dimension and Individual Entrepreneurship Orientation (IEO).

H₅: There is statistically significant relationship between Neuroticism Personality Dimension and Individual Entrepreneurship Orientation (IEO).

H₆: There is a statistically significant impact of different Personality Dimensions on Individual Entrepreneurship Orientation (IEO).

RESEARCH METHODOLOGY

The present research is based on descriptive research design and tries to understand the relationship between Big-five personality factors (dimensions) and Individual Entrepreneurial Orientation. The Big-five personality factors were measured using John & Srivastava (1999) 44-items inventory. The factors are based on the work of Goldberg 1993. The scale measures the personality on five factors, namely, Extraversion,

Agreeableness, Conscientiousness, Neuroticism and Openness. All the items were assessed using 5-point likert scale, where “1” stands for disagree strongly and “5” stands for agree strongly. The 6 items were measuring Extraversion had statements like “I see myself as someone who is talkative”. Agreeableness was measured using 9 items with statements like ‘ I see myself as someone who is helpful and unselfish with others’. Conscientiousness dimension was measured using 9-items, representative like, ‘I see myself as someone who does a through job’. Neuroticism was measured using 8-items with statements like ‘ I see myself as someone who gets nervous easily’ & Openness had 10 items with statements like ‘ I see myself as someone who is original and comes up with new ideas’. To measure IEO scale developed by Bolton & Lane in the year 2012 was used. The scale is ten items questionnaire measuring dimensions of innovativeness, risk-taking and Proactiveness. The items were assessed using 7-point scale with ‘1’ measuring Never and ‘7’ measuring almost or almost always. The statements were like ‘ I tend to act boldly in situations where risk is involved’.

The Sample

The population for the present study is students. The sample drawn was using convenience sampling and had 156 respondents. All the students were either pursuing graduation or post-graduation. The entire sample had no work experience and was in the 21-25 years age group. Out of 156 respondents 79 were male i.e. 50.6% and 77 were female (49.4%). So, approximately participation of both genders was equal in the sample. Some of the responses were also collected through online questionnaires and mail survey.

Table 1: Cronbach’s Alpha

Name of the Scale	Cronbach’ Alpha	No of Items
Extraversion	0.598	8
Agreeableness	0.702	9
Conscientiousness	0.627	9
Neuroticism	0.656	8
Openness	0.560	10
Individual Entrepreneurial Orientation	0.863	10

Table 2: Correlation Coefficients and Descriptive Statistics

	1	2	3	4	5	6
Extraversion (1)	-					
Agreeableness (2)	0.402**	-				
Conscientiousness (3)	0.413**	0.438**	-			
Neuroticism (4)	-0.320**	-0.267**	-0.535**	-		
Openness (5)	0.350**	0.462**	0.367**	-0.182*	-	
IEO (Individual Entrepreneurial Orientation) (6)	0.376**	0.322**	0.340**	-0.089	0.523**	-
Mean	27.61	32.82	31.32	22.51	36.13	44.54
Std Dev	3.76	4.49	4.12	4.30	3.69	7.61

Significance levels ** $p < 0.01$

Table 3: Step-Wise Regression Analysis

All Data	Model 1 Controls only	Model 2	Model 3	Model 4	Model 5
Age	-0.027	0.076	0.025	0.047	0.051
Openness		1.08	0.92	0.863	0.856
Extraversion			0.444	0.371	0.366
Conscientiousness				0.205	0.2
Agreeableness					0.019
F	0.006	28.803**	23.377**	18.196**	14.466**
R-Square	0	0.274	0.316	0.375	0.375
Adjusted R-Square	-0.006	0.264	0.302	0.307	0.303
Number of observations	156	156	156	156	156

Significance levels ** $p < 0.01$

DATA ANALYSIS

The table no. 1 shows that cronbach's alpha for Agreeableness is 0.702, for Individual Entrepreneurial Orientation is 0.863, for Conscientiousness is 0.627 and for Neuroticism is 0.656 and hence they are acceptable.

The table 2 depicts the correlation coefficients and the descriptive statistics related to the variables under study. The correlation coefficient between Extraversion and Individual Entrepreneurial Orientation is 0.376 which is statistically significant at 0.01 level, the relationship between Agreeableness and Individual Entrepreneurial Orientation is 0.322 which is statistically significant at 0.01 level, the correlation coefficient between Conscientiousness and Individual Entrepreneurial Orientation is 0.340 which is significant at 0.01 level, the relation between Neuroticism and Individual Entrepreneurial Orientation is -0.089, which is negative and weak. The Pearson correlation coefficient between Openness and Individual

Entrepreneurial Orientation is 0.523 which is significant at 0.01 level. So the analysis reflects a strong and positive relationship between Openness and IEO which is in line with earlier studies. The mean and std. dev of Extraversion scale items are 27.61 & 3.76 respectively. The mean and std. dev of Agreeableness scale items are 32.82 & 4.49 respectively. The mean and std. dev of Conscientiousness is 31.32 & 4.12 respectively. The mean and std. dev of Neuroticism is 22.51 & 4.30 respectively. The mean and std. dev of Openness is 36.31 & 3.69 respectively. The mean and std. dev of IEO is 44.54 & 7.61 respectively.

The table 2 reflects that all hypotheses from Ha1 to Ha4 are accepted except Ha5 where IEO has negative and weak correlation with Neuroticism. The variables were tested for regression analysis (table 3). For the clarity of the results hierarchical multiple regression analysis was employed using Openness in the first model as it has strong correlation coefficient with IEO and then Extraversion, Conscientiousness and Agreeableness respectively. The hierarchical regression

suggests that Openness, Extraversion and Conscientiousness explain the 30% variance in the IEO. Adding agreeableness in the model does not improve the r-square. So hypothesis H6 is partially accepted. So, we can say that only three personality dimensions of Big- Five model explain the variance in the IEO.

DISCUSSION

The study analyses the relationship and impact of big-five personality dimensions on IEO. Personality as a construct has been studied from various taxonomies which has created suspicion in the minds of the researchers but in recent years Big-five personality dimensions has got wide acceptance. The present research is based on the Big-personality dimensions. EO has been studied as the firm level construct mostly however more studies on IEO are desirable as the basic beliefs and predispositions of the founders shape the strategic directions of the firm (Vogelsang, 2015). Young adults in the age group of 18-24 years are known as generation E, the 'entrepreneur generation' for their high interest in pursuing new business opportunities. So the present study is contributing to the understanding of the entrepreneurial generation. The study found strong correlation between Openness with IEO. Earlier studies on the difference between managers and entrepreneurs have found entrepreneurs high on the openness dimension as compared to managers (Zhao & Seibert, 2006). The Openness dimension captures the capability of an individual in dealing with complexity in the life. People who are high on this dimension will be attracted towards handling new challenges, so predictably an individual with higher IEO will have higher Openness. Conscientiousness is a composite of achievement motivation and dependability. The present study found conscientiousness is positively related to IEO. (Zhao & Seibert, 2006) found entrepreneurs are less extraverted than managers. Zao & Seibert however did not find any conclusive evidence for the same. In the present study the researchers have found moderate positive correlation between the IEO and Extraversion. Entrepreneurs are found to be low on Agreeableness and Neuroticism (Zhao & Seibert, 2006). Agreeableness is found to be moderately correlated with IEO however Neuroticism has negative and weak correlation with IEO. So, the findings suggest that three dimensions namely, Openness, Extraversion and Conscientiousness are related in meaningful manner and rest two dimensions do not contribute to the IEO.

CONCLUSION & MANAGERIAL IMPLICATIONS

Entrepreneurship studies have gained significance in contemporary business environment. Entrepreneurial activities can bring innovation and change in the markets. The study has contributed to the literature related to entrepreneurship in India. Big-Five personality dimensions have gained consensus by the researchers as the taxonomy covering large aspects of the personality. The study contributed in the advancement of the knowledge related to linkages between personality dimensions and IEO. The findings can be applied in the training and the

education of the students in the Indian context. The sample though small in size but is largely homogenous in nature as the sample is drawn on the students only with similar age category. Further studies may consider incorporating family affluence and gender and other variables which are affecting entrepreneurial orientations.

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