

## Traits of Successful Entrepreneurs



### Management

**KEYWORDS :** Entrepreneurial traits, risk taking, internal locus of control

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### ABSTRACT

*The success of small enterprises largely depends on the human capital of their owner-manager. There are various factors leading to success of entrepreneurs. Many authors & researchers are of the view that the success of an entrepreneur largely depends on traits of the entrepreneur but having difference of opinion regarding the degree of importance among various traits.*

*The present study is based on primary data collected directly from 85 entrepreneurs of Assam by serving well structured questionnaire to identify the important traits of successful entrepreneurs. Descriptive statistic was used to summarize the data. Out of 14 traits variables, five important factors were finally identified with the help of factor analysis relating to successful entrepreneurs of Assam. These factors are innovation, futuristic mindset, risk taking Ability, adaptability and commitment. This finding will be of immense help to the academician and policymakers in supporting and development of entrepreneurship in Assam.*

### 1. Introduction

The term "entrepreneurs" usually refers to individuals who undertake new initiatives that are innovative and creative. Research into the entrepreneurial personality has shown that most successful entrepreneurs share a definite group of personality traits. As per record, there are 756 successful entrepreneurs' running food processing enterprises in Assam but the success rate greatly vary from person to person. This derives the curiosity as to why the rate of success varies and what are the important traits factors that the successful entrepreneurs possess. The present study is an attempt to know the important traits of successful entrepreneurs in food processing enterprises of Assam.

### 2. Objectives of the study

The objective of the study is to identify the important traits of successful entrepreneurs

### 3. Review of literature

Trait means unique or distinguishing characteristics of somebody (Oxford Advanced Learner dictionary). Successful entrepreneurs often share certain characteristics and the earliest identified entrepreneurial characteristic was risk taking. Timmons (1994) examined the six general characteristics of entrepreneurs i.e. commitment and determination, leadership, opportunity obsession, tolerance of risk, creativity and adaptability. Carland & Carland (1996) in their study suggests that entrepreneurs are not homogenous. They may well be characterized by need for achievement, preference for innovation and risk taking propensity.

According to Martin P. (1999), the characteristics most frequently associated with the success of the entrepreneurs are Innovation, Creativity, Persistence, Self-confident, Positive attitude, Problem solving, Need for independence, and Enjoy taking risks. Desai (2001) revealed the important personality traits leading to the success are emotional stability, personal relations, consideration and tactfulness. Ehigie and Umoren (2003) in their study considered self-concept, perceived managerial competence, work stress and business commitment are important psychological variables for perceived entrepreneurial success among female entrepreneurs.

Viral Acharya et al (2004) in a comparative study of Assam and Uttar Pradesh found that success of an entrepreneur was significantly related to self-efficacy and locus of control for both states. Melih Bulu (2005) revealed a number of factors including luck, hard work, good idea, and money which led to success. Sammy King-faiHui et al (2006) observed that Self efficacy, Locus of control, Decision making and Risk attitude were responsible for success of entrepreneurs.

Simon et al (2007) found no evidence to substantiate that entrepreneurs are more self-confident than non entrepreneurs and overconfidence is bad for success in business. Success as an entrepreneur is primarily determined by the individual's smartness. According to Nandram S. & Samsom S. (2007), the main determinants of a successful entrepreneur are found to be- watchful to spot the opportunities, persuasive, goal oriented, self confidence, creativity, courage, trustworthy, ambitious, capacity for empathy, perseverance & locus of control. Papzan et al (2008) found that there was a significant relationship between need for achievement, innovation, internal locus of control, marketing, and lack of bureaucracy and success of entrepreneurs.

Robbin and Judge (2009) examined that entrepreneurs' personality traits to identify traits that have impact on business performance. Personality traits such as internal locus of control and ambiguity tolerance influenced the business success directly and the business process indirectly. Noor H. et al (2009) found that there was strong evidence of association between entrepreneurial competencies and business success in Malaysia.

Abdullah F. et al (2009) confirmed that eight factors are vital to the success of entrepreneurs. In rank order of importance, these factors are advancement drive, achievement oriented, commitment, decision-making ability, managing risk, tenacity, networking, and optimism. Elenurm and Alas (2009) in a study reported that courage to risk, openness to new information, flexibility, creativity and determination were the features of successful entrepreneurs in Estonia.

David Z. and Edward B. (2011) found those entrepreneurs' personal characteristics, such as need for achievement, need for cognition and internal locus of control, have positive influences on firm performance.

### 4. Research Methodology

The type of research followed here is descriptive in nature.

#### (i) Sampling design

The type of sampling used in this study was multistage sampling. The universe of the study consists of 756 successful food processing entrepreneurs of Assam. A representative sample of 85 entrepreneurs was considered for the study at 95% level of confidence and at 10% confidence Interval.

#### (ii) Data collection

The primary data was collected directly from the selected entrepreneurs by serving structured questionnaire during April 2012 – March 2013. The questionnaire includes 14 variables.

#### (iii) Instruments for Measuring Important Trait factors

The following 14 factors were used as an instrument for meas-

uring traits on the basis of review of literature.

- 1) Individual smartness / ability to recognize highly potential business opportunity
- 2) Creativity
- 3) Innovativeness
- 4) Self efficacy /Self Confidence / Self belief
- 5) Dedication & Hard-work
- 6) Internal locus of control / (believing that actions determine the rewards),
- 7) Risk taking propensity / Attitude towards risk / taking calculated Risk
- 8) Tolerance of Uncertainty / ambiguity
- 9) Sincerity and Commitment
- 10) Endurance /Continuing for long time
- 11) Good planning
- 12) Ability to make decisions
- 13) Flexibility / Adaptive to change
- 14) Goal oriented

With reference to the above stated factors, fourteen statements were made and measured in the five point ordinal scale that is strongly agree, Agree, neutral, disagree & strongly disagree. Ultimately score of 5, 4, 3, 2 1 were assigned corresponding to the degree of agreement. Reliability test was carried out and the cronbach's alpha was found to be 0.714 which indicates the reliability of the scale used.

**(iv) Data Analysis**

Statistical software SPSS 15 was used for analyzing the data. Descriptive statistics was used for summarizing the collected data. Factor analysis (Principal component) with Varimax rotation was used to reduce the number of variables.

**5. Findings - Important traits of successful entrepreneurs**

On the basis of review of literatures, 14 trait variables were identified which contribute towards success of entrepreneurs. The purpose of the present study is to identify important traits which contribute the most for which factor analysis was carried out. Factor matrix is a matrix of loadings or correlation between the variables and the factors. After the calculation of factor matrix, rotated component matrix has been done to find the factors grouping of variables having loading more than 0.5 and it is given in the table No. 1. Thereafter, KMO and Bartlett's Test has been conducted (Table No. 2) below to confirm whether the data is suitable for factor analysis. Finally five traits were identified in Table No. 3.

**Table No. 1: Rotated Component Matrix**

Variables	Factors				
	2	3	4	5	
1. Individual smartness	.659				
2. Creativity	**				
3. Innovativeness	.815				
4. Self efficacy				**	
5. Dedication & Hard-work				.772	
6. Internal locus of control			.572		
7. Risk taking propensity			.620		
8. Tolerance of Uncertainty			.619		
9. Sincerity and Commitment	.890				

10. Continuing for long time					.745
11. Good planning		.596			
12. Ability to make decisions		.576			
13. Adaptive to change				.712	
14. Goal oriented		.803			
Eigen Values	2.364	1.975	1.811	1.484	0.745
Cumulative Percentage of Variances	15.30%	29.02%	41.92%	52.35%	62.62%

\*\* Cell value is dropped as it is less than 0.5

From the table no. 1 above, factor 1 has the Eigen value of 2.364 and explains 15.30% of variance. The Eigen values and percentage of variance for other factors are shown respectively in the above table. The total variance accounted by 5 factors is 62.62% which is acceptable.

**Table No. 2: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.609
Bartlett's Test of Sphericity	Approx. Chi-Square	241.926
	Degrees of Freedom	91
	Significance	.000

Table No. 2 above shows that the data are suitable for factor analysis. KMO measures (.609) for sampling adequacy is more than 0.5 which indicates that the results from factor analysis are meaningful. Similarly the Bartlett's Test of Sphericity is significant at 0.00 which is much less than 0.05 indicating that the results from factor analysis can be highly useful.

**Table No. 3: Naming of the important trait factors of successful entrepreneurs**

Variables	Factor Name	Factor No.
<ul style="list-style-type: none"> <li>• Individual smartness</li> <li>• Innovativeness</li> <li>• Sincerity and Commitment</li> </ul>	Innovative	Factor -1
<ul style="list-style-type: none"> <li>• Good planning</li> <li>• Ability to make decisions</li> <li>• Goal oriented</li> </ul>	Futuristic mindset	Factor -2
<ul style="list-style-type: none"> <li>• Internal locus of control</li> <li>• Risk taking propensity / Attitude towards risk / taking calculated Risk</li> <li>• Tolerance of Uncertainty / ambiguity</li> </ul>	Risk taking Ability	Factor -3
<ul style="list-style-type: none"> <li>• Dedication &amp; Hard-work</li> <li>• Flexibility / Adaptive to change</li> </ul>	Adaptability	Factor -4
<ul style="list-style-type: none"> <li>• Endurance /Continuing for long time</li> </ul>	Commitment	Factor -5

**6. Conclusion**

Fourteen trait variables were initially considered for measuring the important traits of successful entrepreneurs of Assam. But after factor analysis, the important traits variables leading to the success of entrepreneurs were reduced to five variables. Hence, the important traits variables leading to the success of food processing entrepreneurs in Assam are innovation, futuristic mindset, risk taking ability, adaptability and commitment.

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