

Who Are The Next Entrepreneurs ?

ZAINAL ABDULLAH, FRANK T. GRIGGS & SANDRA L. PLANISEK

Seidman School of Business, Grand Valley State University, Allendale, USA.

ABSTRAK

Mengenalpasti bakal usahawan adalah amat penting kepada kerajaan yang berusaha menambahkan bilangan perniagaan kecil yang fleksibel dan berupaya menghasilkan pekerjaan. Penyelidikan akademik mengenai kecenderungan personaliti para usahawan dan bakal usahawan telah menghasilkan keputusan yang bercanggah dan mengelirukan. Karya terkini menekankan bahawa motivasi dan ciri yang boleh dan tidak boleh dipelajari boleh membezakan bakal usahawan daripada kalangan manusia biasa. Data kajian mengenai motivasi, demografi dan ciri pelajar perniagaan di Malaysia dan Amerika Syarikat yang boleh dipelajari digunakan untuk mencari jawapan kepada soalan berikut: 1) Adakah usahawan berbeza daripada populasi umum? 2) Adakah usahawan berbeza daripada bakal usahawan? 3) Adakah usahawan berbeza mengikut budaya? Hasil daripada kajian ini menunjukkan ada kemungkinan bahawa usahawan boleh dibezakan daripada masyarakat umum, bahawa usahawan dan bakal usahawan juga berbeza dan bahawa usahawan Malaysia dan Amerika Syarikat pun adalah berbeza.

ABSTRACT

Identifying potential entrepreneurs is important for governments trying to increase the number of small, flexible, job-creating domestic businesses. Academic research into the personality tendencies of actual and potential entrepreneurs has generated confusing and contradictory results. Current work stresses that motivation, learnable and non-learnable characteristics, might all distinguish future entrepreneurs from the general population. In this study, survey data on the motivation, demographics and learnable characteristics of business students in Malaysia and the United States were used to seek answers to the following questions 1) Do entrepreneurs differ from the general population? 2) Do actual entrepreneurs differ from potential entrepreneurs? and 3) Do entrepreneurs differ across cultures? The results indicate that it is possible to differentiate entrepreneurs from the general public, that actual and potential entrepreneurs do differ and that American and Malaysian entrepreneurs are different.

INTRODUCTION

The owner of the famous "invisible hand" which anonymously directs and promotes national economies has been identified as the entrepreneur. The world discovered him working in innocuous places, ignored and unacclaimed until his recent star-status was recognized. Now he is internationally known and sought after. A global shortage has developed and nations, who no longer feel qualified to direct their own economy, are now trying to direct their entrepreneurs instead.

Governments, large and small, fully developed and developing, leftist and rightist, are all willing to spend money to develop an army of entrepreneurs capable of making agile adjustments to the economy through their

independent actions. Two such disparate groups of countries are the large, first-world countries, such as the United States, which are looking for entrepreneurs to turn their industrial economy into a new type of information-age economy, and the smaller, second-world countries, such as Malaysia, which are looking for entrepreneurs to turn their entropot/agricultural economy into an industrial first-world economy. Both countries are alike in seeking to identify potential entrepreneurs upon whom they are willing to lavish educational programmes and financial backing in return for the hope of a quicker-changing, faster-advancing economy.

Entrepreneurial-development programmes have not been noted for their dramatic success and this has led to academic research for ways

to quickly and cheaply identify potential entrepreneurs. A quick search through the literature shows that academics have not been any more successful in identifying potential entrepreneurs than have governments. The research results are contradictory and inconclusive. As a result, a wide range of second generation theories have been postulated and are currently being tested. Fragmentary results are again contradictory. This paper aims to try to resolve some of this confusion by testing the current theories with data collected on the potential entrepreneurs found in university business classes in the two different economies of Malaysia and the United States.

LITERATURE REVIEW

Since a great deal of social value will be obtained from an efficient way of identifying potential entrepreneurs, a huge amount of work has been invested in research. The work is so vast and wide-ranging that several summary books and papers have attempted to synthesize and integrate it.

Personality tendencies received the earliest and largest amount of research attention. The literature surveys by Tedefalk (1986), Caird (1990) and Chell, Haworth dan Brearley (1991) have nicely summarized this extensive and inconclusive work. The possible explanations they offer for the inconclusive results are:

1. A universal definition of entrepreneur has never been established, so a universal personality type can hardly be expected. In fact, Hornaday (1990) suggests the word *entrepreneur* is so confusing that it should be eliminated totally.
2. The development time necessary to turn a "potential" entrepreneur into an "actual" one has never been investigated. However, it is noted that those ready to plunge into entrepreneurship tomorrow conceivably differ in personality from those who won't be diving in for another 5, 10 or 20 years.
3. Common research methods may not be adequate to capture the quick-moving entrepreneur. As times change, so may the

required personality tendencies. Even stationary personalities may require sophisticated multivariate research techniques which have rarely been used. Researchers have also been hindered by the lack of theoretical models upon which to base their probes. It may take substantial time before random stabs into long lists of personality characteristics reveal enough information to lead to solid theories.

Other writers have added to the list of research problems. Blais and Toulouse (1990) worry that the American dominance of the research is identifying potential characteristics which are uniquely American. Efforts to use results in other cultures may further muddle conclusions.

Other studies suggest that this whole field of research is based on the incorrect assumption that personality tendencies are necessary and sufficient to predict entrepreneurs. Kao (1991) notes that the right person must encounter the right task and environment before an enterprise is born. He defines the right person as having not only the right personality but also the right motives, preferences, skills and experience to act on an opportunity.

The emphasis on skills is particularly important for governments trying to teach people to become entrepreneurs. Timmons helpfully postulates that tendencies can be differentiated into those that are learnable and those that are not (Chell et al. 1991).

Caird (1990) summarizes the current thinking underlying the research to identify potential entrepreneurs by suggesting that personality plays a part but that motivation and skills are also necessary ingredients before an entrepreneur is born.

The hypotheses tested in this paper arise from this summary and are:

1. Entrepreneurs do not differ from the general population in their motivations, demographics and learnable tendencies.

If this hypothesis is true then it will not be possible to identify potential entrepreneurs with the current research theories. Entrepreneurs must be different to be identifiable.

2. Actual entrepreneurs do not differ from self-identified potential entrepreneurs.

If simply asking potential entrepreneurs to identify themselves selects individuals identical to actual entrepreneurs, then surely the most efficient way to isolate potential entrepreneurs is to ask them. This is such a simple and obvious solution to the identification problem that it is often overlooked.

3. Malaysian entrepreneurs do not differ from American entrepreneurs.

A general method for identifying entrepreneurs must be culturally independent. Since much government effort in developing entrepreneurs occurs in countries still lacking in strong academic research facilities, these countries need to borrow the research results from the active research centres. A globally useful predictor needs to be culturally independent.

METHODOLOGY

A three-part questionnaire was developed that probed the respondents' 1) motivation, as defined by Blais and Toulouse (1990); 2) demographic and non-learnable tendencies, as defined by many studies; and 3) learnable tendencies, as defined by Timmons (1991).

The results are compared on the attributes: motivation, demographics and learnable tendencies.

The questionnaire was administered to business students at Universiti Utara Malaysia (the Northern University of Malaysia) and at Grand Valley State University in Western Michigan in the United States. Students who identified themselves as having already started a business are defined as "entrepreneurs" throughout this study. Those who said that they planned to start a business upon graduation are called "poised".

Comparisons are first made without regard to nationality, to determine if motivation, demographics or learnable tendencies serve to support the three proposed hypotheses. In addition, comparisons are made using individual country data to help identify

potential differences existing between the countries. Chi-squared likelihood ratio, and t-test statistics are calculated to judge "significant" differences.

DO ENTREPRENEURS DIFFER FROM THE GENERAL POPULATION?

Questionnaire respondents were asked to choose from a list of motivations which might be important in their future work. Included in this list were the five motivations empirically derived by Blais and Toulouse (1990) from their 14-country cross-cultural study. The percentages of respondents selecting the Blais motivations are reported in Table 1. Entrepreneurs do differ from their respective classmates, as shown by comparing the General population with the Entrepreneurs in the complete sample. They have a significantly ($\alpha = .05$) higher desire for independence, achievement, and money and a significantly lower need for social recognition and community respect.

Significant demographic differences also exist between entrepreneurs and the total sample as shown in Table 2.

Entrepreneurs, regardless of culture, are more likely to be male and to be reared by a well-educated head of household. (The head of household will be called "father" throughout the rest of this paper despite the potential inaccuracy.) Malaysian entrepreneurs are most likely to be public administration majors with a father who works for a family-owned business. Americans are most likely to be finance majors with a father who works for an international corporation.

Respondents had a chance to rate learnable tendencies according to their strength of agreement or disagreement on a 5-part Likert scale. Significant differences were found for nearly all of the tendencies but the following four differed dramatically:

1. Avoiding disagreeable people;
2. Sacrificing recreation;
3. Turning problems into opportunities;
4. Using stress and tension productively.

These results are presented in Table 3. Without regard to country, the entrepreneurs were more likely than their classmates to:

- 1) work with unpleasant people if required;

TABLE 1. Motivation

The responses regarding motivation of the general population, self-proclaimed entrepreneurs, poised entrepreneurs, and others are compared. Table entries are in percent of total observations. The number of responses is given under the type of student.

A. Complete Sample

	General	Entrepreneur	Poised	Other
Desire for:				
Independence	22.32	18.52	18.29	26.73
Achievement	20.46	22.22	15.04	25.83
Social Recognition	8.87	3.70	10.62	7.51
Community Respect	25.46	14.81	34.51	17.12
Money	22.89	40.74	21.53	22.82
N =	699	27	339	333
% =	100.00	3.86	48.50	47.64

B. Malaysia

	General	Entrepreneur	Poised	Other
Desire for:				
Independence	29.98	33.33	23.81	36.70
Achievement	11.06	0	6.67	16.49
Social Recognition	11.79	11.11	12.86	10.64
Community Respect	31.94	33.33	44.76	17.55
Money	15.23	22.22	11.90	18.62
N =	407	9	210	188
% =	100.00	2.21	51.60	46.19

C. United States

	General	Entrepreneur	Poised	Other
Desire for:				
Independence	11.64	11.11	9.30	13.79
Achievement	33.56	33.33	28.68	37.93
Social Recognition	4.79	0	6.98	3.45
Community Respect	16.44	5.56	17.83	16.55
Money	33.56	50.00	37.21	28.28
N =	292	18	129	145
% =	100.00	6.16	44.18	49.66

TABLE 2. Demographics

The responses regarding demographics of the general population, self-proclaimed entrepreneurs, poised entrepreneurs, and others are compared. Table entries are in percent of total observations.

A. Complete Sample

	General	Entrepreneur	Poised	Other
Gender:				
Male	48.22	77.78	56.30	37.54
Female	51.78	22.22	43.70	62.46
Head of Household Education:				
Primary	33.71	22.22	32.07	36.31
Secondary	25.07	11.11	27.70	23.51
Some university	15.44	22.22	12.24	18.15
University degree	21.53	40.74	22.74	18.75
Other	4.25	3.70	5.25	3.27
Head of Household Employer:				
Foreign owned corporation	1.73	3.70	1.77	1.52
International corporation	16.69	33.33	13.86	18.24
Regional corporation	6.76	14.81	7.37	5.47
Not a corporation	6.19	0	6.19	6.69
Family owned	18.42	22.22	19.76	16.72
Government or public	25.04	11.11	24.19	27.05
Other	25.18	14.81	26.84	24.32
Academic Major:				
Management	20.68	7.41	24.05	18.32
Finance	10.70	25.93	12.32	7.81
Marketing	13.55	7.41	16.13	11.41
Accounting	23.11	25.93	18.77	27.33
Economics	13.84	3.70	11.73	16.82
Public Administration	4.71	14.81	5.28	3.30
Not Decided	8.42	14.81	7.04	9.31
Other	4.99	0	4.69	5.71

B. Malaysia

	General	Entrepreneur	Poised	Other
Gender:				
Male	39.80	100.00	46.19	29.79
Female	60.20	0	53.81	70.21
Head of Household Education:				
Primary	48.40	33.33	43.33	54.79
Secondary	26.54	11.11	29.52	23.94
Some university	7.37	11.11	8.10	6.38
University degree	10.32	33.33	10.48	9.04
Other	7.37	11.11	8.57	5.85

	General	Entrepreneur	Poised	Other
Head of Household Employer:				
Foreign owned corporation	2.25	11.11	2.42	1.63
International corporation	6.75	11.11	5.31	8.15
Regional corporation	4.50	11.11	6.28	2.17
Not a corporation	5.75	0	5.80	5.98
Family owned	15.00	44.44	17.87	10.33
Government or public	31.75	0	27.54	38.04
Other	34.00	22.22	34.78	33.70
Academic Major:				
Management	22.11	0	29.05	15.43
Finance	6.39	11.11	7.62	4.79
Marketing	6.88	0	9.52	4.26
Accounting	24.32	33.33	19.05	29.79
Economics	21.38	11.11	16.19	27.66
Public Administration	7.13	44.44	7.62	4.79
Not Decided	3.19	0	3.33	3.19
Other	8.60	0	7.62	10.11

C. United States

	General	Entrepreneur	Poised	Other
Gender:				
Male	59.86	66.67	72.52	47.59
Female	40.14	33.33	27.48	52.41
Head of Household Education:				
Primary	13.71	16.67	14.29	12.84
Secondary	23.08	11.11	24.81	22.97
Some university	26.42	27.78	18.80	33.11
University degree	36.79	44.44	42.11	31.08
Head of Household Employer:				
Foreign owned corporation	1.02	0	.76	1.38
International corporation	30.17	44.44	27.27	31.03
Regional corporation	9.83	16.67	9.09	9.66
Not a corporation	6.78	0	6.82	7.59
Family owned	23.05	11.11	22.73	24.83
Government or public	15.93	16.67	18.94	13.10
Other	13.22	11.11	14.39	12.41
Academic Major:				
Management	18.71	11.11	16.03	22.07
Finance	16.67	33.33	19.85	11.72
Marketing	22.79	11.11	26.72	20.69
Accounting	21.43	22.22	18.32	24.14
Economics	3.40	0	4.58	2.76
Public Administration	1.36	0	1.53	1.38
Not Decided	15.65	22.22	12.98	17.24

- 2) sacrifice recreation time to succeed in their career ;
- 3) view problems as opportunities; and,
- 4) use stress and tension to increase their efficiency.

In summary, entrepreneurs differ from the general student population in their motivation, demographics and learnable tendencies.

DO ACTUAL ENTREPRENEURS AND THE POISED DIFFER?

The poised are defined as those who indicated they were planning to start a business upon graduation. This short interval before transformation to entrepreneurs suggests that the profile of these individuals should be nearly identical to the entrepreneurs.

It is therefore initially surprising that the poised differed significantly from entrepreneurs on all of the types of motivation, as shown in Table 1. The poised showed an even stronger need for independence, social recognition and community respect. They had less need for achievement and money.

Upon reflection it does seem reasonable that the strong motivations necessary to push someone into entrepreneurship are somewhat satisfied by the act. Upon becoming an entrepreneur the person is independent and presumably has achieved recognition. The remaining motivations are countable: numbers of achievements and dollars of money. These are motivations that are never satiated since you can always claim and hence desire more of them.

Demographically, the poised did not differ markedly from entrepreneurs, as shown in Table 2, supporting the reasoning that the two groups should not differ.

Table 3 offers no support, in general, for a difference between the poised and the entrepreneurs as far as learnable tendencies are concerned. Entrepreneurs are better able to handle stress than their poised counterparts but otherwise do not differ.

In summary, poised entrepreneurs and actual entrepreneurs are very similar demographically and in learnable tendencies but do differ in motivation. Entrepreneurs are

more motivated by the countable goals of achievement and money than the poised.

DO MALAYSIAN AND AMERICAN ENTREPRENEURS DIFFER?

The common stereotypes of Americans being heavily motivated by money and Malaysians by a need for peer acclaim are confirmed by the results shown in Table 1. Twice as many Americans are motivated by money as Malaysians. Malaysians are more than twice as motivated by social recognition and more than six times as motivated by community respect.

Demographically, Malaysian entrepreneurs are more likely to be first-born children than their schoolmates, as shown in Table 2. Since first-born American children have usually been associated with extra ambition, their lower representation among American entrepreneurs is unexpected. The other demographic anomaly is that American entrepreneurs tend to be from rural back grounds while Malaysians are more urban.

Three of the learnable tendencies cited in Table 3 warrant comment. Overall, Americans are more willing to deal with unpleasant people, and American entrepreneurs feel slightly more strongly about this. Malaysians on the whole are not so tolerant, but Malaysian entrepreneurs are more accommodating, in fact more so than American entrepreneurs.

While both groups of entrepreneurs handle stress better than the general population, Americans excel at it; in fact their marks indicate they may actually thrive on it. Americans are more pessimistic about starting a business based on talent and ideas.

CONCLUSIONS

Separating potential entrepreneurs from the general public should be possible with the current understanding of the decisive variables. Firstly, it is possible to differentiate entrepreneurs from the public by their motivations, demographics and by their learnable tendencies. We do have our focus on significant variables.

Secondly, poised entrepreneurs do look like actual entrepreneurs in their demographic and learnable tendencies. They differ in their motivation. This difference in motivation

TABLE 3. Learnable Tendencies

The responses regarding learnable tendencies of the general population, self-proclaimed entrepreneurs, poised entrepreneurs, and others are compared. Table entries are mean response, where:

1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, and 5 = Strongly Disagree

A. Complete Sample

	Total	Entrepreneur	Poised	Other
1. Avoid unpleasant people even if they can help me	2.9	3.5	2.9	2.8
2. Succeed at career even if it means sacrificing recreation	3.0	2.3	2.9	3.2
3. All problems are business opportunities	2.7	2.5	2.6	2.7
4. Accomplish more when alone than under direct supervision	2.4	2.3	2.3	2.4
5. Stress and tension decrease efficiency	2.8	3.7	2.8	2.7
6. Luck influences my life	3.3	3.4	3.3	3.3
7. If fail in achieving one goal, immediately start another	3.3	3.4	3.3	3.3
8. Make things happen rather than wait	2.5	2.3	2.5	2.6
9. Talent and ideas aren't enough to start a business	2.3	2.4	2.2	2.4
10. Prefer to work for an independent, fast-acting leader rather than team-building, delegating type decision maker	3.2	3.7	3.2	3.2

B. Malaysia

	Total	Entrepreneur	Poised	Other
1. Avoid unpleasant people even if they can help me	2.7	3.1	2.8	2.5
2. Succeed at career even if it means sacrificing recreation	2.7	2.8	2.5	2.9
3. All problems are business opportunities	2.8	2.6	2.7	2.8
4. Accomplish more when alone than under direct supervision	2.5	2.4	2.4	2.5
5. Stress and tension decrease efficiency	2.5	3.2	2.6	2.4
6. Luck influences my life	3.2	2.7	3.2	3.2
7. If fail in achieving one goal, immediately start another	3.2	2.8	3.2	3.2
8. Make things happen rather than wait	2.6	2.7	2.5	2.7
9. Talent and ideas aren't enough to start a business	2.4	2.7	2.3	2.4
10. Prefer to work for an independent, fast-acting leader rather than team-building, delegating type decision maker	3.1	3.6	3.0	3.1

C. United States

	Total	Entrepreneur	Poised	Other
1. Avoid unpleasant people even if they can help me	3.2	3.7	3.2	3.2
2. Succeed at career even if it means sacrificing recreation	3.5	3.5	3.4	3.6
3. All problems are business opportunities	2.6	2.5	2.5	2.6
4. Accomplish more when alone than under direct supervision	2.2	2.3	2.2	2.3
5. Stress and tension decrease efficiency	3.1	3.9	3.2	3.0
6. Luck influences my life	3.5	3.7	3.4	3.6
7. If fail in achieving one goal, immediately start another	3.5	3.7	3.4	3.6
8. Make things happen rather than wait	2.4	2.1	2.3	2.5
9. Talent and ideas aren't enough to start a business	2.2	2.3	2.0	2.4
10. Prefer to work for an independent, fast-acting leader rather than team-building, delegating type decision maker	3.4	3.8	3.4	3.3

could be because of motivation change after taking the step into entrepreneurship or it could be because only a sub-set of poised entrepreneurs turn into actual entrepreneurs. Additional research work on motivation is necessary.

Thirdly, motivation, demographics and learnable tendencies are culture-dependent. American entrepreneurs are much more like general Americans than like Malaysian entrepreneurs. Culture dominates entrepreneurship.

While 6.2% of the American respondents had started a business, only 2.3% of the Malaysians had. More Americans are starting businesses early in life and their choice of a finance major suggests that they are probably starting a different type of business than the Malaysian public administration majors. Relating the type of new enterprise with the motivation, demographics and learnable tendencies of entrepreneurs might clear some of the research confusion over selecting potential entrepreneurs.

Self-identified potential entrepreneurs are like actual entrepreneurs. Self-identification holds promise as the most efficient way to pick potential entrepreneurs. However a better understanding is needed of the life cycle of

motivation. Motivations should be followed, starting from the time potential entrepreneurs make the decision to start a business, through to the time they actually begin, and then continuing on as they either succeed, lose interest or fail. Do motivations change through this process or do those entrepreneurs with certain types of motivations either lose interest and quit or become failures?

The cross-country comparison of this paper implies that the cultural norms of countries are likely to be quite different. However the variables which separate entrepreneurs from their own culture seem to be universal. So long as local norms are established for a comparison, the current variables identified by academics seem useful in different types of cultures. Work on establishing the local norms will help in creating a universal decision process.

REFERENCES

- Blais, R.A. & Toulouse, J. (1990). National, Regional or World Patterns of Entrepreneurial Motivation?, *Journal of Small Business and Entrepreneurship*, **7**(2): 3 - 20.

- Caird, S. (1990). Enterprise Competencies: An Agenda for Research, *Journal of European Industrial Training*, **14**(7): 3 - 6.
- Chell, E., Haworth, J. & Brearley, S. (1991). *The Entrepreneurial Personality: Concepts, Cases and Categories*, London : Routledge.
- Hornaday, R.W. (1990). Dropping the E-words from Small Business Research: An Alternative Typology, *Journal of Small Business Management*, **28**(4): 22-33.
- Kao, J.J. (1991). *The Entrepreneurial Organization*, Singapore : Prentice Hall.
- Tedefalk, E.J. (1986). *Entrepreneurs Described Using Measure of Personality*, Dissertation, University of North Dakota.