

# Developments in Business Simulation & Experiential Exercises, Volume 10, 1983

## ENTREPRENEURIAL POTENTIAL: AN EXPERIENTIAL EXERCISE IN SELF ANALYSIS AND GROUP ASSESSMENT

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### ABSTRACT

The identification and development of entrepreneurial potential in an increasingly, organizationally dense society represents a challenge to continued social progress. This paper presents an exercise which seeks to enable an individual to identify and understand personality traits which have essential implications for becoming a successful entrepreneur.

### LEARNING OBJECTIVES

1. To identify various factors affecting entrepreneurial potential.
2. To obtain a keen, realistic awareness of your own entrepreneurial strengths and weaknesses.
3. To identify and evaluate various entrepreneurial traits in others.

### ADVANCE PREPARATION

Read the overview. Do not read further until the class session on this exercise. In addition, read the following two articles for greater insight into the entrepreneurial function:

Peter Gorb, "The Flight of the Entrepreneur," Personnel Management, August 1977, pp. 16-16, 35.

Ronald Weintraub, "The Advantages of Becoming an Entrepreneur," Vital Speeches of the Day, October 15, 1979, pp. 8-10.

Take a few minutes to reflect upon individuals you know who seem to have an entrepreneurial attitude. What is it that makes them the way they are? Could you be one of them? Would you want to be one of them?

### OVERVIEW

#### What Is An Entrepreneur?

In Webster's Eighth New Collegiate Dictionary, the entrepreneur is: "One who organizes, manages, and assumes the risks of a business or enterprise."

In The Organization Makers, by Collins and Moore, the entrepreneur is identified as "a man who has created out of nothing an ongoing enterprise."

In The Achieving Society, by David McClelland, the entrepreneur is defined as "someone who exercises some control over the means of production and produces more than he can consume in order to sell (or exchange) it for individual (or household) income."

Selected definitions demonstrate definitional and operational ambiguity surrounding the word ENTREPRENEUR. "Some writers have identified entrepreneurship with the function of uncertainty-bearing, others with the coordination of productive resources, others with the introduction of

innovations, and still others with the provision of capital."<sup>1</sup> In addition, all definitions are retrospective in nature: a person is defined as an entrepreneur because of something done, rather than something they are capable of doing.

Identification and encouragement of potential entrepreneurs can be of immense practical value to both individual and society. An exercise concerning the recognition of individual personality traits and establishing their alignment with entrepreneurial potential is presented. The instrument will aid the individual in recognizing various entrepreneurial traits possessed, so that when the proper opportunity arises, one can proceed with greater awareness of his or her potential. Finally, by paying attention to entrepreneurial strengths and weaknesses, anyone may substantially improve their chances of being successful.

Independent business is an appealing occupation not only to those engaged in it, but also to many employees of existing companies. Being one's own boss offers independence, personal satisfaction, profit expectations and social involvement. Entrepreneurship, however, is certainly not for everybody. The individual who desires job stability and security may find owning a business to be unbearable. The decision to go into business for oneself must be made in an objective, deliberate, and comprehensive manner. It is necessary to evaluate the pros and cons of a particular business venture, and to make a realistic assessment of personal capabilities. A structured decision process coupled with a heightened awareness of one's own personality traits is believed to greatly enhance the probability of entrepreneurial success.

Historically, the affluence of a nation can be judged by its ability to produce goods and services and to distribute them widely throughout its population. To this end, it is the entrepreneur who serves society by taking the risk and providing the innovation which shake up present values and ideas. It is the entrepreneur's initiative that provides diversity and competition which, in turn, enhance our standard of living. As such, the entrepreneur has been, and will continue to be, a valuable contributor to social progress and upward mobility.

Much of the effort in entrepreneurial research has been devoted to identifying and understanding traits and behaviors of successful entrepreneurs. A primary objective has been to recognize potential entrepreneurs early, so that many can begin careers with greater realization of their natural tendencies. So far, all that can be noted with certainty is that the nature of entrepreneurship is indeed complex. As with

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<sup>1</sup> E. F. Hoselitz, "Entrepreneurship and Economic Growth," American Journal of Economic Sociology (1952), p. 97.

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other forms of behavior, entrepreneurial activity is a function of not only personality traits, but also various situational factors. Several precipitating factors include: individual displacement or dissatisfaction, opportunity, initial encouragement and, of course, availability of necessary resources. In addition, skills and abilities which may be necessary for entrepreneurial success in one situation may be markedly different from those needed under changed conditions.

Nevertheless, the literature does suggest various traits to be consistently found in successful entrepreneurs. The aim of this exercise, much like the aim of entrepreneurial research, is to enable the individual to identify and understand personality traits which have essential implications for becoming a successful entrepreneur. We will begin the exercise by identifying your own behavior characteristics.

### PROCEDURE

#### Step 1

In class, complete the Behavior and Attitude Check Questionnaire (copy provided by authors upon request).

#### Step 2

Complete the General Attitude Check Questionnaire by estimating where your attitude is on each of the five columns. Write "A" (for attitude) at the appropriate point on each continuum.

### ATTITUDE CHECK QUESTIONNAIRE

**Instructions:** Read the descriptions below and then on each of the scales estimate where your attitude lies. In addition, estimate where you believe the successful entrepreneur's attitude lies. Write "A" (for attitude) for you own attitude and "E" for the entrepreneur's attitude. (Note: Descriptions may vary from those found in the literature.)

#### Achievement Motivation:

A desire for upward striving and an urge to attain a high standard of objective accomplishment.

#### Internal Locus of Control:

Feeling of influence on the course of events in one's life. Personal destiny coming from within rather than external factors.

#### Risk-Taking Propensity:

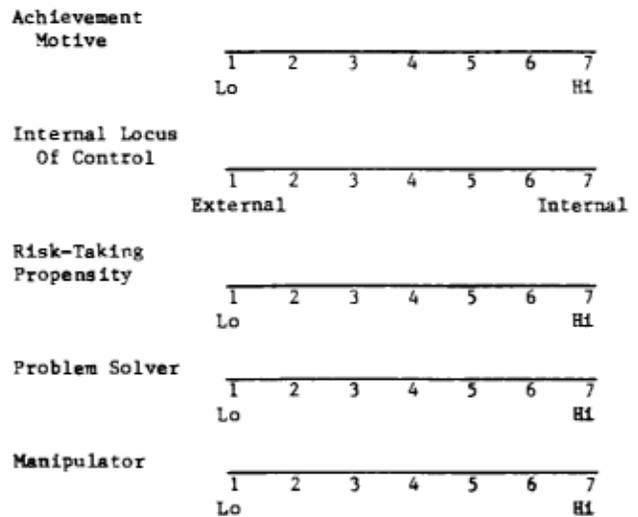
Take calculated risks and seek information before you act. Willing to take responsibility for actions.

#### Problem Solver:

A realistic problem solver who can run a business without constant help from others.

#### Manipulator:

Find other people nest satisfying when they help fulfill your own aims.



Once you've completed your estimations, connect the "A" points with a solid line and the "E" points with a dotted line.

#### Step 3

Score the Behavior and Attitude Check Questionnaire. Record one point for each matching answer, zero if your answer does not match.

Answers:

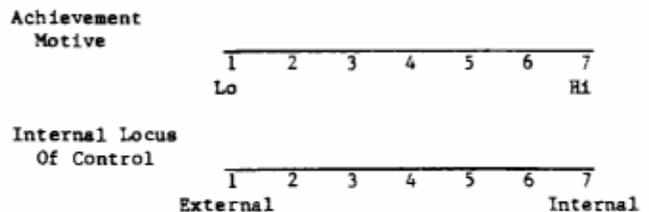
- |       |       |       |       |
|-------|-------|-------|-------|
| 1. C  | 11. B | 21. A | 31. A |
| 2. C  | 12. C | 22. C | 32. B |
| 3. A  | 13. C | 23. B | 33. C |
| 4. A  | 14. A | 24. C | 34. A |
| 5. A  | 15. C | 25. C | 35. B |
| 6. C  | 16. C | 26. B |       |
| 7. A  | 17. C | 27. A |       |
| 8. B  | 18. C | 28. C |       |
| 9. B  | 19. B | 29. B |       |
| 10. A | 20. B | 30. A |       |

Add up the scores for the following groups of questions and write the total in the space provided:

- |                           |                            |
|---------------------------|----------------------------|
| 2, 5, 11, 12, 13, 19, 20  | ___ Achievement Motivation |
| 4, 8, 14, 18, 23, 28, 31  | ___ Locus of Control       |
| 7, 10, 17, 22, 24, 29, 35 | ___ Risk-Taking Propensity |
| 3, 6, 9, 15, 21, 25, 27   | ___ Problem Solver         |
| 1, 16, 26, 30, 32, 33, 34 | ___ Manipulator            |

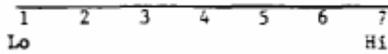
#### Step 4

Following is a replica for the Attitude Check Scales. Place an "X" on each of the corresponding lines (and connect the "X's") in order to get a profile of your degree of emphasis on each of the five key dimensions of entrepreneurship.



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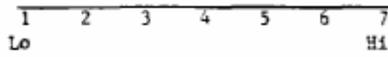
Risk-Taking  
Propensity



Problem Solver



Manipulator



### Step 5

Place a "Y" on the above scales based on the following dimensions:

Achievement Motivation	<u>7</u>
Internal Locus of Control	<u>6</u>
Risk-Taking Propensity	<u>4</u>
Problem Solver	<u>5</u>
Manipulator	<u>5</u>

Connect the "Y"s" and compare your tendencies with those found in established entrepreneurs. Note the dimensions in which you differ.

### Step 6

Meet in groups of 4 to 6 to compare profiles and responses to individual questions.

- Compare similarities and differences both between members of the group and between individuals and the established entrepreneur's scale.
- Seek explanations for any differences between your results on the Attitude Check Questionnaire and the results found in Steps 4 and 5. Are your attitudes aligned with the attitudes of established entrepreneurs? What factors might explain differences?
- Invite feedback from peers in regard to their perception of your entrepreneurial behavior. Look for past experiences where you exhibited:
  - initiative-taking.
  - resource-organizing,
  - risk-assuming,
  - independence-seeking.

Keep in mind that "this process of self-assessment and open criticism from peers is something the best entrepreneurs seem to thrive on."<sup>2</sup>

- List and discuss any additional factors which you believe either to precipitate or inhibit entrepreneurial behavior. There may be situational or characteristics of the individual.

### SUMMARY AND CONCEPTUALIZATION

Does your profile compare favorably with the general

pattern developed by established entrepreneurs? In which of the five dimensions, do you match well with the established pattern?

You should now better understand where you stand on each of the dimensions as opposed to where you thought you stood and where the entrepreneur stands. While this instrument and these five dimensions are by no means an absolute indicator of potential entrepreneurial behavior, researches have found the entrepreneur's personality to be a key to success or failure. The available research and theory suggests the following dominant characteristics to be identified with successful entrepreneurs.<sup>3</sup>

- Entrepreneurs are recognized as having a high level of drive and personal energy.
- Successful entrepreneurs have a high level of self-confidence.
- Entrepreneurs view money as a way of keeping score.
- Entrepreneurs have a strong need for positive and definite feedback.
- Effective entrepreneurs use past failures to their benefit.
- The successful entrepreneur has the ability and the commitment to set clear goals.
- Entrepreneurs have an insatiable drive for accomplishment.
- Entrepreneurs believe they can control their own destinies.
- The successful entrepreneur takes initiative and seeks personal responsibility.
- Entrepreneurs prefer to take moderate, calculated risks.
- High-performing entrepreneurs continuously compete against self-imposed standards.
- Entrepreneurs have an intense level of determination and desire to solve problems and complete the job.
- Entrepreneurs who are successful know when, where, and how to seek help.

Given this long list of common characteristics, it becomes obvious that few entrepreneurs, if any, possess all of them. The key to success, therefore, relies on the ability to see shortcomings and to capitalize on one's own strengths. Individual analysis of each of these characteristics, based on both attitudes and objective assessment of past behavior, should give greater insight into strengths and weaknesses.

This exercise has attempted to explain behavior in somewhat simplistic terms, and thus is limited. To assess entrepreneurial potential without fully understanding the impact of situational factors provides limited insight. It would be ludicrous to believe that every individual possessing the entrepreneurial

<sup>2</sup> Jeffery A. Timmons, "Careful Self-Analysis and Team Assessment Can Aid Entrepreneurs," *Harvard Business Review*, Nov.-Dec. 1979, p. 199.

<sup>3</sup> Adapted from Jeffery A. Timmons, "Careful Self-Analysis and Team Assessment Can Aid Entrepreneurs," *Harvard Business Review*, Nov.-Dec. 1979, p. 199.

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traits outlined above has, at one time or another, exhibited entrepreneurial behavior. Many individuals join companies early in their careers and are not subsequently placed in a situation conducive to entrepreneurial behavior. Research has shown that most entrepreneurs are displaced persons. Immigrants and employees who have recently been fired are likely entrepreneurial candidates. In addition, research has found the single most telling indicator of successful entrepreneurs is whether there is another entrepreneur in the family (if not a father then maybe a close uncle). All of which stresses the situational importance and limits the importance of individual factors.

On balance, the determination of entrepreneurial potential is indeed complex. Picking an entrepreneur is an art made difficult by the large number of variables involved. The individual is well-advised to identify tendencies early and work continually to improve his or her prospects. Finally, the potential entrepreneur must continually size up the situational factors involved. Am I displaced or dissatisfied? Is there an opportunity and will I get initial encouragement? Do I possess the necessary resources? The correct answers to these questions may lead to a fruitful and exciting journey.

### REFERENCES

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