

# Chapter 13

## Born vs. Educated Entrepreneurs: Who Are Richer and Happier?

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### ABSTRACT

*Setting itself apart from previous research, which focuses on either entrepreneurship-prone personality traits or education and uses the remaining as a control, the current chapter tests the main effect as well as the interaction among e-traits, education, and experience. Further, this chapter advances the current literature, which focuses on external success (e.g., growth and profits), by also examining internal success (e.g., subjective wellbeing). Matched participants were used for three waves (nyear1 = 1,564, nyear2 = 1,474, nyear3 = 1,436). In a broad summary, educated entrepreneurs seem to perform well financially while born-to-be entrepreneurs seem happier than those low in or without e-traits across the three waves.*

### INTRODUCTION

A substantial amount of research has examined the role of personality in entrepreneurial status over the last four decades. Most studies have compared individual personality traits and their impact on start-up intentions and entrepreneurial performance (Rauch & Frese, 2000, 2007; Rauch, Wiklund, Lumpkin, & Frese, 2009). Recent meta-analyses show that entrepreneurs are higher on conscientiousness, openness to experience and extroversion, and lower on neuroticism and agreeableness than managers (Brandstätter, 2011; Zhao & Seibert, 2006). This entrepreneurship-prone personality profile, or ‘e-traits’ (an entrepreneurial constellation of the ‘Big Five’ traits within the person), is also significantly associated with

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start-up intention and entrepreneurial performance (Collins, Hanges, & Locke, 2004; Rauch, Wiklund, Lumpkin, & Frese, 2009).

Indeed, an entrepreneurial career requires e-traits to perform successfully. But what happens among entrepreneurs who were not born with these e-traits? The reality is that not all entrepreneurs have this entrepreneurship-prone personality profile, but they are in the entrepreneurial business regardless, usually for any number of reasons (e.g. economic necessity, family request or drive for personal achievement). Past research has debated the push and pull theory (Amit & Muller, 1995) of necessity entrepreneurship (push) and opportunity entrepreneurship (pull) and its impact on performance (Verheul, Thurik, Hessels, & van der Zwan, 2010), yet there are inconsistent findings as to whether push or pull entrepreneurs perform better (Block & Wagner, 2010; Dawson & Henley, 2012).

In the past the personality approach to entrepreneurship was criticized, with suggestions that this approach be discontinued due to narrative reviews of the literature (Low & MacMillan, 1988). Later, in the 1990s, this approach gained new momentum, reflecting an acceptance of the Big Five personality traits and their generalizability to entrepreneurship behaviours (Brandstätter, 2011), as evidenced through a number of meta-analysis studies (Collins, Hanges, & Locke, 2004; Rauch & Frese, 2007; Stewart Jr & Roth, 2001; Zhao & Seibert, 2006; Zhao, Seibert, & Lumpkin, 2010). It has also been suggested that the predictive nature of personality traits becomes higher if the situational parameters are taken into account (Rauch & Frese, 2000).

Drawing from human capital theory, an individual can possess e-traits yet their ability to recognize profitable opportunities may depend on their knowledge and experience (Becker, 1964; Schultz, 1959). From an economic perspective, education and experience are the main factors affecting an individual's earnings (Van der Sluis, Van Praag, & Vijverberg, 2005). A literature review spanning 11 years also suggests that a relationship exists between levels of general education and several entrepreneurial success measures, such as growth, profits and survival (Solomon, Dickson, Solomon, & Weaver, 2008). Yet, the importance of education on entrepreneurship can be controversial. There are well-known successful entrepreneurs who dropped of college, such as Bill Gates (Microsoft), Steve Jobs (Apple), Mark Zuckerberg (Facebook), Larry Ellison (Oracle) and Jack Dorsey (Twitter) to name just a few. This phenomenon has raised a discussion about whether born-to-be or educated-to-be entrepreneurs are more successful.

This chapter will examine the role of born-to-be (individuals with entrepreneurship-prone personality traits) and educated-to-be (individuals with a high level of education and experience) entrepreneurs on success. This chapter sets itself apart from previous research, which has focused on either one of these variables and uses the remaining as a control, the current study tests the main effect as well as the interaction among e-traits, education and experience. Further, this chapter advances the current literature, which focuses on external success (e.g. growth and profits), by also examining internal success (e.g. subjective wellbeing). This study will further our theoretical understanding of entrepreneurial success determinants and defend causal inferences by comparing and testing theoretical assumptions using empirical longitudinal observations (2013–2015). It is also expected that aspects of the findings will assist entrepreneurs to better match themselves with challenges, as well as external and internal rewards from their entrepreneurial careers. Further, the findings can be used in a selection process for entrepreneurial roles within the firm (intrapreneurs), and as part of the decision-making tools assisting government agencies to decide on interventions/training in order to promote wealthy and healthy entrepreneurs.

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